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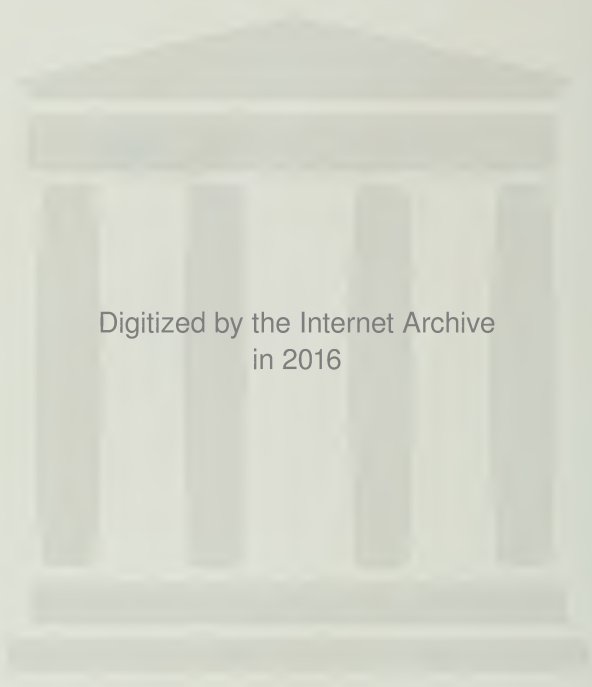


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SPECIAL MEETING
TREASURE ISLAND DEVELOPMENT AUTHORITY
MEETING AGENDA

October 22, 2008 - 1:00 P.M.

Room 400, City Hall
1 Dr. Carlton B. Goodlett Place

Gavin Newsom, Mayor

DIRECTORS

Owen Stephens, *President*
Fred Blackwell
Jared Blumenfeld

Supervisor Chris Daly (*Ex-Officio*)
John Elberling, *C.F.O., Secretary*
John Rahaim
Douglas Shoemaker

Mirian Saez, Director of Island Operations
Peter Holm, Commission Secretary

ORDER OF BUSINESS

1. Call to Order and Roll Call
2. Report by Director of Island Operations (*Discussion Item*)
Length of Item: 5 minutes
3. Presentation to Claudine Cheng, .
4. General Public Comment (*Discussion Item*) ****In addition to General Public Comment (Item #4), Public Comment will be held during each item on the agenda. ****
Length of Item: 10 minutes
5. Report by Office of Joint Development (*Discussion Item*)
Length of Item: 10 minutes
6. Communications (*Discussion Item*)
Length of Item: 5 minutes
7. Report by the Treasure Island/Yerba Buena Island Citizen's Advisory Board (*Discussion Item*)

DOCUMENTS DEPT.

OCT 17 2008

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Length of Item: 5 minutes

8. CONSENT AGENDA

Length of Item: 5 minutes

All matters listed hereunder constitute a Consent Agenda, are considered to be routine by the Treasure Island Development Authority Board and will be acted upon by a single vote of the Authority Board. There will be no separate discussion of these items unless a member of the Authority Board so requests, in which event the matter shall be removed from the Consent Agenda and considered as a separate item.

- a. Approving the Minutes of the September 18, 2008 Special Meeting (*Action Item*)
- b. Resolution Retroactively Approving and Authorizing the Execution of a Sublease with the Treasure Island Yacht Club, a California nonprofit corporation, for approximately 1,188 square feet of space located at Building 298, Treasure Island, San Francisco
- c. Resolution Retroactively Approving and Authorizing the Execution of a Sublease with Boys & Girls Clubs of San Francisco, Inc. for Buildings 33A and 33B at Former Treasure Island Elementary School – 401 13th Street for approximately 7,575 square feet of classroom space
- d. Resolution Authorizing the Demolition and Removal of Buildings 92 and 7 located on Treasure Island
- e. Resolution Retroactively Approving and Authorizing the Execution of a Sublease with The San Francisco Sheriff's Department Five Keys Adult School, a California non-profit corporation, for approximately 3,960 square feet of classroom space located at Building 33 D at the Former Treasure Island Elementary School - 401 13th Street, Treasure Island.
- f. Resolution Approving and Authorizing the Execution of a Memorandum of Understanding with the San Francisco Public Utilities Commission for Adjustment of Utility Rates
- g. Resolution Approving the First Amendment to the Amended and Restated By-Laws of the Treasure Island/Yerba Buena Island Citizens Advisory Board
- h. Resolution Approving and Authorizing the Execution of a Sublease with The San Francisco Gaelic Athletic Association, a California non-profit corporation for approximately 25,878 square feet of space located at Building 202, Treasure Island
- i. Resolution Approving and Authorizing the Director of Island Operations to Enter into a Utilities Services contract with the U.S. Coast Guard

- j. Resolution Authorizing the Thirty First Amendment to the Treasure Island Land and Structures Master Lease between the Authority and the Navy to Add Building 202 to the Leased Premises
9. Informational Presentation: JV Sublease Extension (*Discussion Item*)
Presented by Rich Rovetti, Treasure Island Development Authority
Length of Item: 10 Minutes
10. Informational Presentation: Draft Policy Governing Temporary Public Display of Art on Treasure and Yerba Buena Islands (*Discussion Item*)
Presented by Peter Summerville, Treasure Island Development Authority
Length of Item: 10 Minutes
11. POSSIBLE CLOSED SESSION
If approved by the TIDA Board, this Closed Session item will take place for approximately 30 minutes at the end of the meeting
- a. Public Comment on all items relating to closed session
- b. Vote on whether to hold closed session to confer with real property negotiators. (*Action item*)
- c. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Persons negotiating for the Authority: Jack Sylvan, Michael Tymoff
Persons negotiating with the Authority: United States Navy, Treasure Island Community Development LLC,
Property: Former Naval Station Treasure Island
Under Negotiation:
Price: _____ Terms of payment: _____ Both: X
- d. Reconvene in open session (*Action item*)
- i. Possible report on action taken in closed session under Agenda Item 11 (Government Code section 54957.1 (a) (1) and San Francisco Administrative Code Section 67.12)
- ii. Vote to elect whether to disclose any or all discussions held in closed session (*San Francisco Administrative Code Section 67.12*).
12. Ongoing Business by Directors (*Discussion Item*)
Length of Item: 5 minutes
13. Discussion of Future Agenda Items by Directors (*Discussion Item*)
14. Adjourn

Relevant documents such as resolutions, staff summaries, leases, subleases are available at the Treasure Island Development Authority Office, 410 Avenue of the Palms, Building 1, Treasure Island, and the Government Information Center at the Main Library, 100 Larkin Street. Public comment is taken on each item on the agenda.

If any materials related to an item on this agenda have been distributed to the TIDA Board of Directors after distribution of the agenda packet, those materials are available for public inspection at Treasure Island Development Authority, Building One, 2nd Floor, 410 Ave. of Palms, San Francisco, CA 941130 during normal office hours.

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(Chapter 67 of the San Francisco Administrative Code)

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Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from the SOTF or by printing Chapter 67 of the San Francisco Administrative Code on the Internet, <http://www.sfgov.org/>



REASURE ISLAND DEVELOPMENT AUTHORITY
410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND

MIRIAN SAEZ

DIRECTOR OF THE ISLAND OPERATIONS

MEMORANDUM

TO: MIRIAN SAEZ, TIDA, DIRECTOR OF ISLAND OPERATIONS
FROM: FRISHTAH AFIFI, TIDA, PROJECT ADMINISTRATOR
SUBJECT: FLEET WEEK 2008
DATE: 10/17/2008

In preparation for the Director's Report for the upcoming Treasure Island Development Authority Meeting on Thursday October 22, 2008, here is an update on the recent Fleet Week Holiday.

Fleet Week 2008

This year's Fleet Week celebrations on October 11 and 12 was a success. Treasure Island was an official site of Fleet Week Committee and vendors set up on the Great Lawn to take advantage of the crowds. This year's holiday generated even a larger number of spectators visiting the Island to view the air show which included the Blue Angels. The increase in the visitors was due in part because a large number of participants of the Alzheimer's Walk on Saturday morning who stayed behind to view the air show.

Project Staff coordinated efforts with the SFPD, DPW and Rubicon to ensure smooth operations. Traffic control measures were taken to assist motorists on and off the island and to ensure the safety of visitors and residents. The Police Department also posted "No Stopping" signs on the Avenue of the Palms and along Treasure Island Road to prevent traffic congestion. DPW and Rubicon clean up crews kept the Island free of garbage.

Signage and newly refurbished picnic tables were placed through out the Great Lawn and the Fog Watch picnic area. New garbage and recycling receptacles were installed through out the Island. Project Staff ordered additional rest room facilities for the Treasure Island Marina and the Great Lawn to accommodate the large number of visitors.



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To: **Treasure Island Development Authority Board of Directors**
From: **Mirian Saez, Director of Island Operations**
Date: **October 17, 2008**
Re: **Report of Waived and Reduced Fees**

The TIDA Project Office granted the following discounts and waivers of fee for use of buildings and grounds since the time of the September 18th, 2008 TIDA Board of Directors meeting

Waivers:

- Sept. 28th: Academy of Art student film production - B-180 North (Waived)
- Sept. 30,: Building 1 Lobby and Admirals Conference Room – SFPD K9 Unit (Waived)
- Oct. 7th and 8th: Beyond Productions - B-180 (Waived)
- Oct. 8: Various Yerba Buena Island off-line housing units - California Department of Justice (waived)
- Oct. 15th: Beyond Productions - Great Lawn (Waived)
- Oct. 14: Treasure Island Job Corps staff meeting – B-1 Admirals Conference Room (Waived)

Reductions:

- Oct. 11th: 12th - Air Show Network – Portion of Great Lawn and adjacent parking (Reduced)
- Oct. 17th: David Bishop Productions – unimproved space and adjacent parking along Ave. N (Reduced)
- Sept. 26th and Sept. 27th: Mercedes Benz Club of America – B-180 North (Reduced)
- Sept. 19th – 22nd: MTV Productions – B-180 North (Reduced)



Date: 10/22/08

To: Treasure Island Development Authority Board

From: Mirian Saez, Director of Island Operations

Re: Operations Revenues and Expenditure FY 07-08 Year End Report

Attached is a summary of the FY 07-08 revenues and expenditures for Treasure Island Development Authority Operations exclusive of redevelopment related costs.

Highlights

Actual revenues exceeded the budgeted amount by \$134,000 due to increases in commercial leasing activities.

As a result of Project Staff's efforts to conserve funds for capital improvements, namely demolition, the expenditures for the year were approximately \$1.6 million under budget. The carry forwards are to be spent on demolition projects for Building 92 and Building 7 and the site improvements to the Pavilion By the Bay in FY 2008-09. Other major items accounting for the under spending were:

- \$310,000 under expended for Community Benefit Fund Items;
- \$205,000 payment to the Navy that had been set aside as a liability from FY06-07 funds and therefore did not require FY 07-08 funds;
- \$351,000 in unspent facilities maintenance funds;
- \$200,000 surplus in the work-order to the GSA-City Administrator, reflecting partial year vacancies for TIDA positions including the Director of Island Operations time at the San Francisco Housing Authority;
- \$132,000 surplus in the work-order for Protective Services;

- \$110,000 surplus in the work-order to the PUC;
- \$180,000 surplus in the work-order to DPW.

Operations - Sources	Original Budget	Actuals to Date	Balance
39535 COMMON AREAS MAINTENANCE FEES	0	495,792	495,792
39899 OTHER CITY PROPERTY RENTALS	8,088,249	7,726,679	-361,570
Sources	8,088,249	8,222,471	134,222
Operations - Uses			
001 SALARIES	0	-11,309	11,309
013 MANDATORY FRINGE BENEFITS	113	61	52
021_021 TRAVEL	5,000	4,664	336
021_022 TRAINING	8,000	2,149	5,851
021_023 EMPLOYEE EXPENSES	500	1,212	-712
021_024 MEMBERSHIP FEES	5,000	760	4,240
021_025 ENTERTAINMENT AND PROMOTION	15,000	5,394	9,606
021_026 COURT FEES AND OTHER COMPENSATION	0	45,631	-45,631
021_027 PROFESSIONAL & SPECIALIZED SERVICES			0
TIHDI Operating Contract	115,000	115,400	-400
Boys and Girls Club	100,000	91,039	8,961
T1 Gym Operation (YMCA)	215,000	155,219	59,781
Marine Salvage	25,000	0	25,000
Special Events Staff	60,000	14,697	45,303
Community Benefit Fund-Boys and Girls Club	80,000	80,000	0
Community Benefit Fund-TIHDI	50,000	50,000	0
Community Benefit Fund-Kidango	25,000	25,000	0
Community Benefit Fund-Other	310,000	0	310,000
Other	10,000	4,562	5,438
021_028 MAINTENANCE SVCS-BUILDING & STRUCTURES			
Scavenger Services (Golden Gate Disposals)	25,000	19,514	5,486
Janitorial Services (Toolworks)	150,000	132,262	17,738
Grounds Maintenance (Rubicon Landscaping)	800,000	827,132	-27,132
Pest Control	0	3,790	-3,790
021_029 MAINTENANCE SVCS-EQUIPMENT	0	640	-640
021_030 RENTS & LEASES-BUILDINGS & STRUCTURES	0	25	-25
021_031 RENTS & LEASES-EQUIPMENT	15,000	17,141	-2,141
021_032 UTILITIES	0	542	-542
021_035 OTHER CURRENT EXPENSES	7,500	9,252	-1,752
021_051 INSURANCE	45,000	32,521	12,479
021_052 TAXES: LICENSES & PERMITS	211,000	5,236	205,765
021 NON PERSONNEL SERVICES	2,277,000	1,643,781	633,219
040 MATERIALS & SUPPLIES	16,000	20,749	-4,749
06F FACILITIES MAINTENANCE	489,000	137,873	351,127
081C5 IS-TIS-ISD SERVICES	3,202	7,366	-4,164
081CA GF-ADM-GENERAL(AAO)	1,061,188	861,159	200,029
081CB GF-RISK MANAGEMENT SERVICES (AAO)	5,000	5,000	0
081CT GF-CITY ATTORNEY-LEGAL SERVICES	200,000	200,000	0
081ET GF-TIS-TELEPHONE(AAO)	14,900	14,692	208

FY 07-08 Revenues and Expenditures

		Original Budget	Actuals to Date	Balance
081FD GF-FIRE		2,764,414	2,764,414	0
081H2 GF-HR-MGMT TRAINING		3,000	0	3,000
081PA IS-PURCH-CENTRAL SHOPS-AUTO MAINT		3,000	2,011	989
081PF IS-PURCH-CENTRAL SHOPS-FUEL STOCK		2,000	1,473	527
081PR IS-PURCH-REPRODUCTION		25,000	427	24,573
081PS GF-POLICE SECURITY		776,809	644,980	131,829
081UH GF-PUC-HETCH HETCHY		1,000,000	890,027	109,973
081WB SR-DPW-BUILDING REPAIR		1,169,152	1,008,734	160,418
081WE SR-DPW-ENGINEERING		0	0	0
081WM SR-DPW-CONSTRUCTION MGMT		20,000	0	20,000
081 SERVICES OF OTHER DEPTS		7,047,665	6,400,283	647,382
086 EXPENDITURE RECOVERY		-1,800,000	-1,800,000	0
Uses		8,029,778	6,391,438	1,638,340
Net Surplus of Actual Revenues over Actual Expenditures			1,831,033	

		Original Budget	Actuals to Date	Balance
	79999 OTHER NON-OPERATING REVENUE	2,569,790	1,856,425	-713,365
	021_027 PROFESSIONAL & SPECIALIZED SERVICES	1,119,191	978,950	140,241
	081CA GF-ADM-GENERAL(AAO)	299,525	299,525	0
	081CP GF-CITY PLANNING	235,000	89,844	145,156
	081CT GF-CITY ATTORNEY-LEGAL SERVICES	550,000	285,593	264,407
	081ED GF-BUS & EGN DEV	235,000	235,000	0
	081EV GF-ENVIRONMENT	49,545	49,545	0
	081MR EF-MUNICIPAL RAILWAY	40,000	0	40,000
	081UH GF-PUC-HETCH HETCHY	100,000	100,000	0
		2,628,261	2,038,457	589,804



	DATE	TYPE	LOCATION	EVENT	START	END	GUESTS
Sun	28 Sep 08	Party	Casa de la Vista	Marathon Motor Coach Club Int'l	10AM	11PM	100
Mon	29 Sep 08	Breakfast	Casa de la Vista	Marathon Motor Coach Club Int'l	6:30AM	10AM	100
Tue	30 Sep 08	Breakfast	Casa de la Vista	Marathon Motor Coach Club Int'l	6:30AM	12PM	100
Tue	30 Sep 08		Chapel	Henry Shreibman	8:30AM	2:00PM	75
Wed	01 Oct 08	Breakfast	Casa de la Vista	Marathon Motor Coach Club Int'l	6:30AM	12PM	100
Thu	02 Oct 08	Breakfast	Casa de la Vista	Marathon Motor Coach Club Int'l	6:30AM	10AM	100
Thu	02 Oct 08	Party	Casa de la Vista	Marathon Motor Coach Club Int'l	5PM	10PM	100
Fri	03 Oct 08	Breakfast	Casa de la Vista	Marathon Motor Coach Club Int'l	6:30AM	10AM	100
Fri	03 Oct 08	Blue Water	Casa de la Vista	Delivery Set up	3PM	6PM	
Sat	04 Oct 08	Wedding	Casa de la Vista	Karen Mulvana/William Wibbenhorst	2PM	12AM	160
Sat	04 Oct 08	Wedding	Chapel	Karen Mulvana/William Wibbenhorst	3:30PM	5:30PM	125
Sat	04 Oct 08	Rehearsal	Chapel	Marc Conner 415-738-8773	5PM	10PM	100
Sun	05 Oct 08	Blue Water	Casa de la Vista	Delivery Set up	10:00AM	12:00PM	
Sun	05 Oct 08	Wedding	Chapel	Marc Conner	8:00AM	12:00PM	100
Sun	05 Oct 08	Wedding	Casa de la Vista	Laura Flagstad/Corey Warner	3PM	11PM	
Tue	07 Oct 08	Meeting	Casa de la Vista	Navy - RAB Meeting	9AM	6PM	50
	10/4 & 10/5	Festival/Race	Clipper Cove/180lot	California Dragon Boat Association			
Thu	09 Oct 08		Chapel	Henry Shreibman	8:30AM	2:00PM	75
Thu	09 Oct 08	Private Tastings	Casa de la Vista	WVC Private Tasting	8AM	4PM	50
Thu	09 Oct 08	Rehearsal	Chapel	Maggie Linchey/James Wallace	6pm	7pm	
	10 Oct 08	ToolWorks	Casa de la Vista	Clean Facility	7AM	10:30AM	
	10 Oct 08	Blue Water	Casa de la Vista	Delivery Set up	10:30AM	2PM	
Fri	10 Oct 08	Wedding	Chapel	Maggie Linchey/James Wallace	4:00PM	5:00PM	140
Fri	10 Oct 08	Wedding	Casa de la Vista	Maggie Linchey/James Wallace	3PM	12AM	140
Fri	10 Oct 08	Set Up	Chapel	Alzheimer's Memory Walk	9AM	5PM	
Sat	11 Oct 08	Fundraiser	Chapel/Great Lawn	Alzheimer's Memory Walk	7AM	8PM	4,000
	10/11-10/12			Fleet Week			
	11 Oct 08	Wedding	Library	Louis & Matt	11am	10PM	
Sat	11 Oct 08	Wedding	Fogwatch Picnic	Jamie Terance	11AM		150

	DATE	TYPE	LOCATION	EVENT	START	END	GUESTS
Sat	11 Oct 08	Wedding	Casa de la Vista	Jamie Ferance	12PM	12AM	150
Sun	12 Oct 08	Wedding	Chapel	Susan Kao/Kurtis Augustie	2pm	5pm	
			Casa de la Vista	Susan Kao/Kurtis Augustie	6PM	12AM	
Fri	17 Oct 08	Rehearsal	Chapel	Marissa King/Eric Becerra	1:30PM	5PM	20
Fri	17 Oct 08	Rehearsal	Chapel	Laura Pooler/John Demma Van Hagen	6PM	7PM	20
Sat	18 Oct 08	Wedding	Chapel	Marissa King/Eric Becerra	2:30PM	5:30PM	170
			Casa de la Vista	Marissa King/Eric Becerra	2PM	10PM	
Sun	19 Oct 08	Wedding	Chapel	Laura Pooler/John Demma Van Hagen	3PM	5PM	150
Sun	19 Oct 08	Wedding	Casa de la Vista	Laura Pooler/John Demma Van Hagen	6PM	12AM	
Tue	21 Oct 08	Meeting	Casa de la Vista	Navy - RAB Meeting	9AM	9PM	50
Wed	22 Oct 08	Meeting	Casa de la Vista	Navy - RAB Meeting	9AM	6PM	
Thu	23 Oct 08	Meeting	Casa de la Vista	Navy - RAB Meeting	9AM	5pm	
Sat	25 Oct 08	Barnitzvah	Casa de la Vista	Bonnie Kalbrowski	5PM	1AM	180
Sat	25 Oct 08	Reunion	Chapel	Glori Hoffman	10AM	12N	75
Sat	25 Oct 08	Luncheon	Casa de la Vista	Glori Hoffman	12N	1:30PM	75
Sat	25 Oct 08	TIHDI	Great Lawn	10th Anniversary Island Mixer	8AM	5PM	500
Sat	25 Oct 08			WVC CLOSED DATE (Do Not Sale this Date)			
Sun	26 Oct 08	Set Up	Casa de la Vista	Blue Water Party Rental	7:30AM		
Sun	26 Oct 08	Wedding	Casa de la Vista	Christina Lather/TJ Walkup	7:30AM	6PM	125
Fri	31 Oct 08	Rehearsal	Chapel	Sandy He/Kevin Wu	6PM	7PM	

CITY & COUNTY OF SAN FRANCISCO



MIRIAN SAEZ
DIRECTOR OF ISLAND OPERATIONS

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TO: Mayor Gavin Newsom

CC: Steve Kawa, Chief of Staff
Ed Lee, City Administrators

FROM: Mirian Saez, Director of Island Operations, Treasure Island

RE: Treasure Island Informational Update

DATE: September 26, 2008

The Treasure Island Causeway

Residents and guests coming to Treasure Island have been greeted by a refreshed and redesigned Treasure Island Causeway. The Causeway is the main road onto Yerba Buena and Treasure Islands. Old overgrown brush, brick walls, and dilapidated gates have been removed to expose more of the City view. The removal of the brush has opened up a pathway for guests to walk along the water side. Treasure Island banners, bearing the Treasure Island logo, have been hung to add to the welcoming appearance of the Causeway. The refreshed Causeway is in keeping with the overall improvements to the western side of the Island and the creation of the Special Events Venue District.

New and Renewed Leases on Treasure Island

- *The San Francisco Sherriff's Department Five Keys Charter School* - A California public charter high school in partnership with the Haight Ashbury Free Clinic and Walden House, will offer academic and vocational training to 30 – 50 women on Treasure Island.
- *Life Learning Academy* – A California public charter high school in partnership with Delancey Street, educates 60 students from San Francisco between the ages of thirteen to eighteen who do not learn well in a conventional academic setting, or come from an at-risk environment.
- *Glide, Youth Build* – Offers a leadership and training program for 17-24 year-old youths from San Francisco's poorest and most violent neighborhoods. The program includes onsite construction skills training, personal development and leadership skills workshops, GED preparation and the ability to earn academic credit towards a high school diploma. It places graduates in apprenticeship opportunities with building trade unions (Carpentry, Drywall, Ironwork, and Cement Masons).

- *Kidango* – A nonprofit early childhood development center and day care provides quality childcare and child development services to children, and support services to their families. The majority of children at Kidango are children of residents or children whose parents work on the island, with a sliding fee scale.

Treasure Island Music Festival

The second annual Treasure Island Music Festival was held on September 20 and 21, 2008. The festival was well attended with nearly 10,000 guests each day, and was well organized. Transportation, sound control, and crowd control were flawless. The two day festival had a wide variety of bands and entertainment. Staff members from Another Planet and Noise Pop are already making plans for next year's festival.
(See Attached Articles)

Oracle

On Wednesday, September 24, 2008 the South East Portion of Treasure Island, Historic Hanger Three and Pier One were transformed into Coney Island, complete with a Ferris wheel and merry-go-round on the pier. The *Open World* event which was attended by 40,000 guests and had legendary bands and performers such as Elvis Costello, Seal, UB40, Alan Jackson, Psychedelic Furs, and the Gin Blossoms. While the event from the guests' perspective was exciting, there were a few minor flaws with the production, including transportation staging and sound. Staff is compiling a "Lessons Learned" document in preparation for next year's event.
(See Attached Photo)

On-Island Special Events

Mercedes Benz Club of America Car Show – The Great Lawn, September 27, 2008
Dragon Boat Festival - October 4 and 5, 2008
2Hip Society BMX event (B-3 lot only) - October 11, 2008
Alzheimer's Association Memory Walk - October 11, 2008

SFGate.com**Treasure Island Music Festival does it again**Aidin Vaziri, Chronicle Pop Music Critic
Monday, September 22, 2008

The west winds were relentless. The solar-powered generators kept dropping out, taking the audio with them. Worst of all, the promised views of the city were all but blocked by an unsightly chain-link fence, rows of Porta Potties and an extremely inconsiderate (or crafty?) corporate sponsor's tour bus.

Aside from those minor grumbles, the second annual Treasure Island Music Festival got off to an appropriately idyllic start Saturday, with about 8,500 fans turning up to take in a dynamic bill that started with local indie-pop upstarts the Frail and ended 10 hours later with a triumphant set by Parisian electro duo Justice.

Headliners Gaspard Augé and Xavier de Rosnay were certainly the first day's biggest draw (Jack White's Raconteurs helped sell out Sunday's show), inspiring actual fandom at an event that otherwise felt like it was more about getting out of the house than catching any particular act.

Even though Justice has been touring behind its debut album for more than a year, its live show has become something of legend - for good reason. With a wall of hollowed-out Marshall amps flanking an illuminated cross, the pair updates Daft Punk's grinding cosmic funk with added dramatic effect. The set climaxed with the vigorous children's chant "D.A.N.C.E.," stretched out and teased for festivalgoers who needed one last shot of adrenaline to make it through the night.

Apart from a few technical glitches early on, the music flowed nonstop between two neighboring stages. England's Foals offered post-punk tunes as angular as their haircuts; Goldfrapp brought a touch of glamour and airy pastoral folk to a day dominated by machines; Hot Chip provided comic relief with its insidiously catchy (and highly disposable) brand of club music.

While most people chose to abandon the in-joke disco of Brazil's CSS in favor of securing a good spot to witness the Justice spectacle, TV on the Radio of Brooklyn, N.Y., proved worthy rivals. Joined by the Antibalas horns on several tracks, the group brushed past material from its forthcoming third album, "Dear Science," in favor of revisiting the exuberant and blissed-out corners of its back catalog.

After the success of last year's festival on the island, the first time the scenic venue hosted live music in more than 65 years, things once again went as smoothly as Treasure Island organizers Noise Pop and Another Planet Entertainment could have hoped.

By all accounts, transportation to and from the concert on a small legion of biodiesel shuttles running out of AT&T Park was seamless. Despite the relatively modest spread of ground compared with Outside Lands, there was plenty of room to move at all times, with several fans spreading out blankets and picnic baskets on the Great Lawn without seriously cramping the walkways.

People even got into all the cursory concession booths that proffered everything from local art and phone-charging stations to soju cocktails and free haircuts. (The pirate-themed shenanigans wouldn't have gone amiss, though.)

As the sun inched lower into the bay, the line for the 60-foot-tall Ferris wheel seemed to grow proportionately. Waiting to board for nearly an hour might have seemed like a worthless endeavor with so many other things going on nearby. But the chance to rise above the fences and take in the sites and music, even for a fleeting moment, was a good reminder of what made this festival different from the rest.

E-mail Aidin Vaziri at avaziri@sfgate.com.

<http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/09/22/DD0S132874.DTL>

This article appeared on page **E - 1** of the San Francisco Chronicle



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Treasure Island Music Festival Recap

September 23, 12:04 PM
by Marisa Nakasone, S.F. Art Examiner

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Concert Poster by none other than Shepard Fairey

So I bit the bullet and bought a two day pass to the Treasure Island Music Festival. Though the great lineup of music remained the focal point, there were many visual diversions that provided the perfect complement to what can only be described as category-bending, international, indie-popolitic.

1) Big Nazo: In a sea of American Apparel, plaid shirts, neon wayfarers, and kaffeyehs, the rubbery dancing silents of performance group Big Nazo starkly stood out in the crowd. Whether dancing in the bleachers or getting into shenanigans with festival-goers, these zany creatures definitely added an otherworldly edge to the linear music festival.

2) The "Treasure Trove": And here I thought the glory of the Zine faded with the Clinton administration...not so at all! Zines have been alive and kicking, and for the record, never left the San Francisco scene as the San Francisco Zine Fest hosted a library of diy, self-published and independent zines for those who seek refreshingly unfettered literary/artistic digests that you most definitely will not find on the shelves of your local Barnes and Noble or Borders booksellers. In addition, Triple Base Gallery set up a makeshift gallery/tent featuring work from their Open for Business exhibit/experiment in art and commerce.

3) A live, collaborative mural painting featuring San Francisco-based artists Andrew Schoutz, Hillary Peds, and Tara Foley: It was exciting to see the unique visual style of each artist take shape and interact with one another on a enormous 64 ft. panel. Working in a visual vocabulary that can be described as the outgrowth of the Mission School urban art movement, the mural was "site-specific" on multiple levels.

All in all, I had a great time enjoying the sights and the sounds—the utopian feel of being on an island with people who love and appreciate art and music (however influenced by the recent explosion of commodified "indie" culture thanks to Juno, Little Miss Sunshine, Urban Outfitters, and American Apparel...but hey, everyone and no one is a hipster, right?) made for a truly relaxing escape from the ordinary.

For more info: Treasure Island Music Festival, SF Zine Fest, Big Nazo, Andrew Schoutz, Tara Foley, Hillary Peds, Triple Base Gallery

Topics: Street Art, Music, Zines

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Marisa Nakasone S.F. Art Examiner



Marisa Nakasone has degrees in Art History and Studio Art and immersed herself in the diverse forms of creativity and expression in the Bay Area. She writes about art and creative expression, and is an aspiring film buff.

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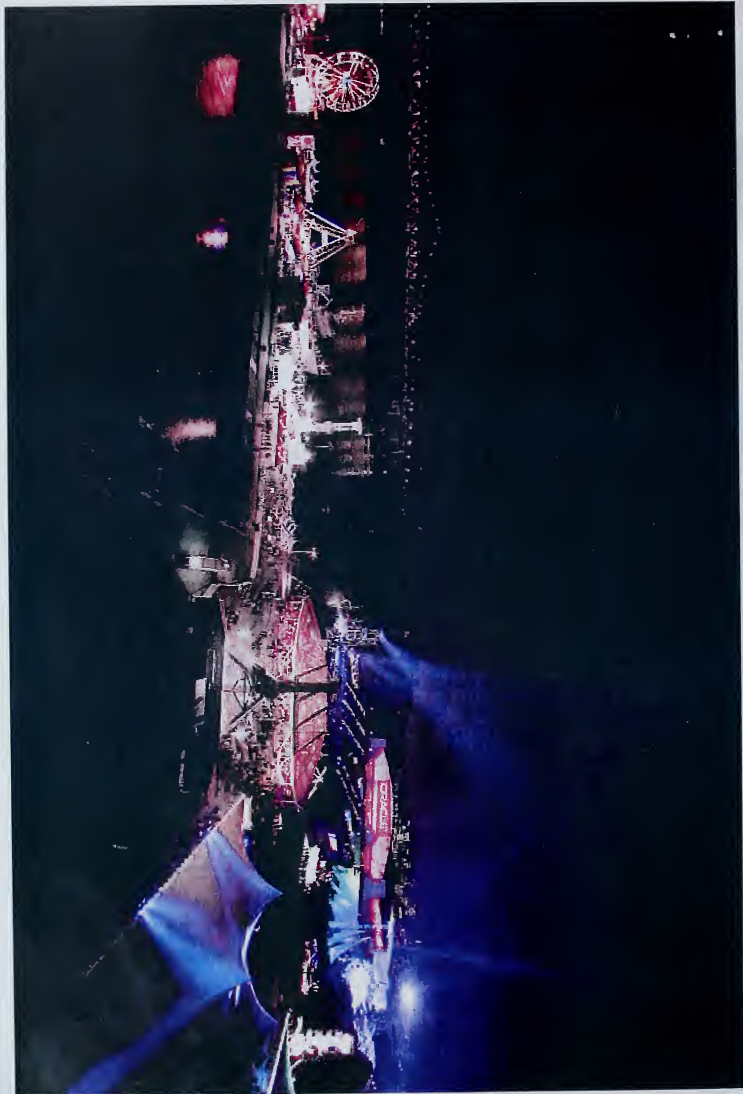
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Marisa's Bay Area Art Resources

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CITY & COUNTY OF SAN FRANCISCO



MIRIAN SAEZ
DIRECTOR OF ISLAND OPERATIONS

TREASURE ISLAND DEVELOPMENT AUTHORITY
410 AVENUE OF THE PALMS
BLDG ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0680 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND

TO: Mayor Gavin Newsom

CC: Steve Kawa, Chief of Staff
Ed Lee, City Administrators

FROM: Mirian Saez, Director of Island Operations, Treasure Island

RE: Treasure Island Informational Update

DATE: October 3, 2008

The Treasure Island Community Garden

Plans are underway for the first ever Treasure Island Community Garden. TIDA Staff and the Island residents have begun preparation and planning for a Community Garden. Borrowing concepts from the City's Victory Garden, the focus will be on sustainability, fresh organic products and community building. The Community Garden will be located within the residential housing area and built completely out of recycled items, such as book shelves, garbage cans, and old wooden pallets. TIDA staff is soliciting donations of soil, seeds and plantings.

Renewed Leases on Treasure Island

- *Treasure Island Sailing Center* - The Treasure Island Sailing Center is a non-profit organization whose purpose is to improve the community and the sport of sailing by providing access, facilities, and sailing instruction to people of all socioeconomic backgrounds, skill levels, and physical abilities.
- *San Francisco Boys and Girls Club* - The Treasure Island Clubhouse is known for health and life skills programming, specifically the Healthy Youth Promoting Exercise (HYPE) program, as well as Home Work Power Hour, and One on One Tutoring. The Treasure Island Boys and Girls Club is funded through TIDA as part of a Professional Services Agreement. For fiscal year 2008/2009 the Boys and Girls Club will receive \$140,000.
- *Treasure Island YMCA* - The Embarcadero YMCA provides free health, recreational and athletic programming to the residents of Treasure Island, as well as manages and maintains Treasure Island's multi-purpose gymnasium. The YMCA is funded through a Professional Services Contract with TIDA. For Fiscal Year 2008/2009 the YMCA will receive up to \$150,000

Memo to Mayor Gavin Newsom
Treasure Island Development Authority
October 3, 2008

- *San Francisco Little League* – An all-volunteer organization annually offering baseball and softball to approximately 1,500 San Francisco boys and girls between the ages of 6 and 18. San Francisco Little League has three fields on Treasure Island for annual fee of \$1.00. TIDA Staff is working with Little League on the development of another field.

San Francisco International Dragon Boat Festival

Treasure Island is pleased to welcome back the 2008 Kaiser Permanente San Francisco International Dragon Boat Festival to Treasure Island for its 13th year, and fourth year with Treasure Island. In 1996 the Dragon Boat Festival started out with a small all-volunteer group which has grown into a large volunteer organization and has grown this year's festival into their largest event ever with over 50,000 estimated guests in attendance, making it the largest Dragon Boat competition in the United States. This year there are over one hundred international and domestic teams competing, including a team from Taiwan.

Mercedes Benz Club of America Car Show and Marathon Coach Club of America Rally

On Saturday September 27, Treasure Island played host to the Mercedes Benz Club of America Car Show. Mercedes Benz enthusiast from all of the United States gathered on the Great Lawn, to display both vintage and new vehicles.

From Monday, September 29, through Friday October 3, The Marathon Coach Club of America Rally is being hosted on the Great Lawn. There are over 45 high end motor coaches, with state of the art amenities. The group has been parking their motor coaches on Treasure Island for the week while enjoying excursions to the City.

Best Wishes

The TIDA staff would like to wish the Mayor a very Happy Birthday!

Attached are copies of this week's media.

On-Island Special Events

Dragon Boat Festival - October 4 and 5, 2008

2Hip Society BMX event (B-3 lot only) - October 11, 2008

Alzheimer's Association Memory Walk - October 11, 2008

San Francisco Business Times - September 23, 2008
<http://sanfrancisco.bizjournals.com/sanfrancisco/stories/2008/09/22/daily26.html>

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SAN FRANCISCO BusinessTimes

Tuesday, September 23, 2008

Lennar reports Q3 loss as housing crunch continues

San Francisco Business Times

Giant homebuilder Lennar Corp., the developer of enormous projects at Treasure Island and Hunters Point, continues to feel the economic pinch brought on by the glut of homes on the market and the rising number of foreclosures.

On Tuesday, the country's second-largest homebuilder (NYSE: LEN) reported a third quarter net loss of \$89 million, or 56 cents a diluted share. In 2007, it reported a third quarter net loss of \$513.9 million, or \$3.25 a diluted share.

Revenue fell 53 percent, to \$1.1 billion at the Miami company.

New orders of homes were down 42 percent, to 3,387, with a 27 percent cancellation rate.

"While we expected the housing market to remain constrained throughout the third quarter, the weakness in the market actually accelerated as a result of increased foreclosures, weakened consumer confidence and tightened mortgage lending standards," Lennar President and CEO Stuart Miller said.

Miller's company is repositioning itself to meet consumer demand, aggressively reducing construction costs and consolidation.

"We did continue to make significant progress toward our goal of right-sizing our business by cutting our selling, general and administrative expenses by approximately one-half, compared to a year ago," he said.

South Florida Business Journal

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LEADING THE NEWS



Defense policy bill is set to go, but without Speaker Pelosi provision

By Roxana Tiron

Posted: 09/23/08 07:28 PM [ET]

House and Senate defense authorizers have finalized conference negotiations on the 2009 defense policy bill, but the legislation still faces an uncertain future.

Sources said the conference report does not include a provision Speaker Nancy Pelosi (D-Calif.) sponsored that would require the Navy to sell property to the city of San Francisco at the price the city wants to offer.



Pelosi has been deeply involved with the issue and she backed a provision that was included in the House version of the 2009 defense authorization bill.

The House Armed Services Committee was getting ready to file the conference report at press time. Because the Senate could not get unanimous consent to appoint conferees, this year's conference report is actually an amended version of the Senate's version of the defense authorization bill.

Pelosi's provision focuses on the fate of Treasure Island, a Navy base that was closed in 1993.

The city of San Francisco submitted a request to buy the land for an economic development project, and has been negotiating with the Navy over a fair market price for the last

five years.

The Navy has appraised the cost at \$240 million, while San Francisco appraised it at \$14 million.

Pelosi has been personally negotiating with the Secretary of the Navy, but the negotiations broke down over the value of the property.

San Francisco's Treasure Island Development Authority offered the Navy \$40 million plus a percentage of the profit after the completion of the development. The Navy objected to the calculation of the anticipated profit and argued that it will turn out to be less than fair market price.

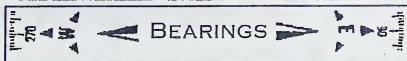
In conference negotiations, the Senate proposed to change Pelosi's provision to one that would allow the city and the Navy to keep negotiating. Pelosi did not agree to the change, but the Senate leaders did not budge.

Congressional defense authorizers were hoping to see the defense policy bill pass before the Congress goes on recess. The bill is essential in authorizing a pay increase of 3.9 percent for the military and authorizing the growth of the Marine Corps and the Army.

Overall, some major defense programs fared fairly well in conference negotiations. The Navy's shipbuilding accounts are also boosted.

Lawmakers from New England won authorization of \$2.5 billion for a third and perhaps final Zumwalt class DDG-1000 destroyer, despite opposition from the House.

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Long Jing Tea Plantation in Hangzhou, China

The Lost Mural of José Miguel Covarrubias

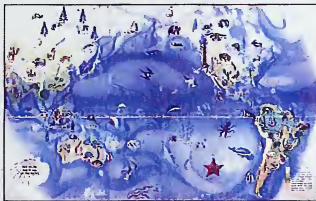
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One of the five remaining murals of José Miguel Covarrubias, "Flora and Fauna," now on display at the San Francisco De Young Museum.

In 1939 an odd, pentagon-shaped island arose from San Francisco Bay's murky waters to be the showcase of a rising and affluent West. Treasure Island would be host to the last great fair before the beginning of a long, Cold War. The Golden Gate International Exposition represented a proud San Francisco, not willing to allow New York to hoard all of spotlight for the East's own approved and sanctioned "World's Fair." Despite the fact that San Francisco couldn't call their fair a *world's* fair, they still produced some of the finest artwork from around the world; the greatest architects; and some of the first artistic photographic prints. It was here, at the Golden Gate International Exposition, that America hosted its first Michelangelo.

On the brink of America's entrance in a World War, the exposition was the last moment of glory, at a critical juncture in America's history. The country had just exited the brutality and the banality of a Great Depression only to enter into a brutal and bloody battle against Nazi Germany. But San Francisco, as "Yankee-like" as can be, wasn't going let this window of opportunity go to waste.



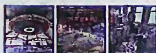
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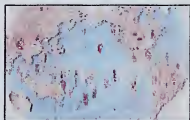
Act by Google

What was to become the centerpiece of the fair was a group of six murals depicting the Pacific Rim in all of its cultural and natural glory. José Miguel Covarrubias was a confidante of Mexican greats Diego Rivera and Frida Kahlo. As a caricaturist of *Vanity Fair* and *The New Yorker*, it could easily be assumed that Covarrubias' is largely ignored by fine art historians, but he was an anthropologist and geographer as much as he was an artist, which gave him a unique respect among art aficionados. In fact, many of us have probably seen works of Covarrubias without knowing it: pick up any copy of Zora Neale Hurston's *JA. and Men* and the sweeping colors of the cover are trademark Covarrubias, thumb through the pages, and the charcoal sketch of shapely female figure could only be a Covarrubias.

It was likely his association with Edward Weston and other notable figures in California art that secured his commission for the GGIE. It may have also been the popularity that his work had ignited among *New Yorker* and *Vanity Fair* readers. In any case the construction of the Pageant of the Pacific was well under way, and the West's version of the Crystal City was nearly complete. Covarrubias was to paint six gigantic murals, measuring as much as 15 feet high by 24 feet across.

Each mural would illustrate the glory of the Pacific - its art, natural history, architecture, and culture. From the "Peoples of the Pacific," to the natural science in the "Flora and Fauna" mural, the beauty of these six murals is way too great to be described in words. Not only are they an informative lesson in Geography, but they are also a great piece of history - to say nothing about their creator. The Golden Gate Exposition only lasted eight months, but popular demand called for another re-opening from May to September of 1940. Then the elements began to take over the plaster structures.

The temporary structures were soon demolished. Japan had invaded Pearl Harbor. America was at war. Treasure Island - who was once a grand showcase of art and architecture — had become a war-time naval base. Covarrubias' six murals would be transferred to the Museum of Natural History in New York, and they would not be heard from again for another 18 years.



When the murals were arranged for transfer to San Francisco's Ferry Building in the late 1950s, one of Covarrubias' best works, the mural entitled "Art Forms of the Pacific Area," was nowhere to be found. Some theorists say that "Art Forms of the Pacific" was simply thrown away because the wall space the Ferry Building would only allow for five murals. But others say this is unlikely, given that its value is appraised at over \$1 million. Still, five murals remain, and one was recently installed at the DeYoung Museum in Golden Gate Park, painstakingly restored and ready to display its former glory as the showpiece of San Francisco's greatest fair.



A video slideshow of Miguel Covarrubias artwork:

Further Reading

- Fine Arts Museums of San Francisco. "The Case of the Missing Mural." <http://www.famsf.org/blog/index.asp?articleid=109>
- "Hard Times and High Visions." Bancroft Library, University of California, Berkeley. <http://bancroft.berkeley.edu/Exhibits/Looking/JanTimes.html>
- Postcards from the Golden Gate International Exposition. <http://www.postcard.org/get01.htm>

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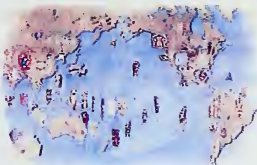
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Thursday, August 14, 2008

The Case of the Missing Mural



You never know what you have until it's gone. This axiom rings true for even some of the most impressive art works. While you might recognize his iconic caricatures, the more sophisticated art of Mexican José Miguel Covarrubias—though celebrated widely in his own country—receives very little exposure in America. Perhaps because of this failure to recognize Covarrubias as more than a great caricaturist, the whereabouts of one of his anthropological murals have remained a mystery for almost fifty years.

Covarrubias began his career in New York City speaking very little English, but soon his caricatures and paintings were frequently featured in *Vanity Fair* and *The New Yorker* magazines. He designed costumes for various theatrical shows including *La Revue Negre* starring Josephine Baker. Then, having made a name for himself in the art world and in celebrity circles alike, Covarrubias returned to his home country and settled down on the edge of Mexico City. His home came to be known as a nest for intellectuals, celebrities, artists, and business magnates including Diego Rivera, Frida Kahlo, Amelia Earhart, Georgia O'Keeffe and Nelson Rockefeller. Covarrubias also found time to cultivate his passion for the culture of the Olmecs, a pre-Columbian people who lived in south-central Mexico. He even developed theories about their culture that preceded professional archaeologists' discoveries.

Having gained a significant place in the art world, Covarrubias was asked to produce six large murals for the Golden Gate International Exposition on Treasure Island—meant to celebrate the completion of the Bay Bridge and the Golden Gate Bridge—depicting each of the fair's "Pacific" themes: natural history, art history, culture, economy, and transportation. After the close of the fair, the murals were packed up and shipped to the American Museum of Natural History in New York. However, when it was decided that the murals would occupy the newly built Ferry Building eighteen years later, one of the six maps was reported missing upon their return to the city.

Since the reported loss of the mural, the five remaining murals have similarly received little to

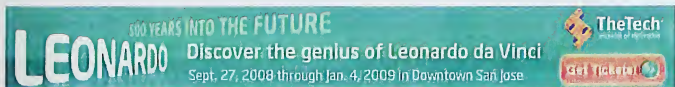
no attention. Covarrubias-enthusiasts have accused the Bay Area public and San Francisco officials of neglecting and showing a general apathy for the murals. In 2001, for instance, the by then grimy murals were removed from the Ferry Building and put into storage. Part of the problem is the sheer size of the murals. Art critics have raised the theory that perhaps a board of nonprofit citizens furtively disposed of the sixth mural merely because the Ferry Building could only house five; but it has generally been thought unlikely that anyone would so carelessly throw away a work of art that has been appraised as worth over \$1 million.

Fortunately, the murals have been restored in Mexico City under supervision of conservators of the Fine Arts Museums of San Francisco. The de Young was recently loaned one of the murals, entitled *The Fauna and Flora of the Pacific*, which currently hangs in the Art of the Americas gallery. The mural's huge size only gives a taste of what the complete set must have looked like all together, yet the location of the sixth mural, *Art Forms of the Pacific Area*, remains to be determined.

Posted by: [Alex Teplicky](#) | August 14 at 1:59:56 PM

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PART OF THE BAY AREA.COM NETWORK

Treasure Island fest recap

Posted by [Shay Quillen](#) on September 25th, 2008 at 12:25 am | Categorized as [Concerts](#), [Music](#), [Shay Quillen](#)

The Bay Area's summer music season closed out this weekend with the second annual Treasure Island Music Festival. I made it out for Day 2, which featured the Raconteurs, Tegan & Sara, Vampire Weekend, Dr. Dog, Okkervil River and a half dozen other acts on two stages in the middle of San Francisco Bay.

It came just a few weeks after the massive Outside Lands festival — with which it shares a promoter, Another Planet Entertainment — but it could hardly have been more different. No unruly crowds, no long hikes from stage to stage, no agonizing over which of two or three acts to catch. Instead, just one first-rate act after another, every 45 minutes or so, with no waiting and great sound. In one afternoon, I got to catch several buzz bands whose records I'd admired but whom I hadn't gotten to see yet: Dr. Dog, Okkervil River, the Fleet Foxes, Tokyo Police Club, all impressive in roughly that order. The Raconteurs sounded great, and their muscular attack was refreshing after several fun but lightweight bands (Vampire Weekend, we're looking at you!).

And unlike Outside Lands, it really felt like San Francisco in there. There were lots of works on display from local artists, a booth for 826 Valencia's Pirate Store, tables featuring local zines, even a poet serving up fresh verse to order. Food was nothing extraordinary, but as long as you've got Spicy Pie, you'll never hear me complain.

We heard reports that a heavy wind caused some problems on Saturday, which focused more on dance and electronic music, but Sunday was about as nice as you could hope for, provided you had a sweater for when the sun went down. I drove onto the island, but it looked as if they had plenty of buses on hand to shuttle people away when the Raconteurs wrapped up around 10:20 (about half the crowd took off around 10 before the band returned for an encore).

Oh, it was nice to hear Tegan and Sara do Rihanna's "Umbrella" as well. That was cool.

Anyway, it's a great little festival, and let's hope it can stick around in the shadow of its more outgoing younger brother, Outside Lands.

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Treasure Island Review

By: Mary Tejada

Posted: 9/25/08

As the sun shined bright in the western skies, Treasure Island was beaming with life this past weekend with its second annual Treasure Island Music Festival.

Another Planet and Noisepop, San Francisco based concert based firms, put on the second annual event.

With about a dozen acts performing each day, local vendors, a ferris wheel, art displays and interactive areas aligned the grounds, there was never a dull moment.

The event prided itself on being green. There was plenty of recycle bins scattered throughout the grounds with signs letting you know which trash belonged where.

The event was run with solar power panels which became evident every so often when sound or lights would suddenly shut off.

France's pride and joy Justice headlined the first day, and the bill gave the day the of an outside club atmosphere.

Some highlights include DJ Mike Relm who dedicated his set to DJ AM. Although starting off somber and mellow the crowd after the dedication within a few minutes of spinning Relm was able to lighten the mood. He practically started a revolution when mixing electro beats to Rage Against the Machine songs that prompted fist pumping and sing-a-longs.

As the sun began to set Brazilian export Cansei de ser Sexy, or more commonly known as CSS riled up the crowd and bought the discoteck outdoors playing "Let's Make Love and Listen to Death From Above", "Music Is My Hot, Hot Sex" and ended with lead singer Lovefoxxx enthralled in the arms of one fan in the crowd while he sang.

Sunday's line up had the indie, folk rock feel. Bands like Spiritualized and Vampire Weekend played sets that sounded amazing.

Tegan and Sara were the night's highlights sounding flawless despite lyrical flubs during a cover of "Umbrella", and the lights completely going out during one song and leaving nothing but the San Francisco skyline as the only visible objects. Sara pointed out how much the island reminded her of cult classic film Lost Boys and the possibility of being ravaged by vampires, bringing the crowd to hysterics. The loudest cheers of the night came during there hits "The Con" and "Back In Your Head" and "Walking with a Ghost"

College adored, Vampire Weekend, also played the main stage, playing crowd favorites like "Oxford Comma", "Cape Cod Kwassa Kwassa" and their hit "A-Punk".

Closing the side stage was impeccable and sexually charged male-female duo The Kills. From London and New York, the irreverent pair played guitar and sang to a drum machine. Although small in

numbers, the stage presence was felt throughout as they belted electro rock yet somewhat hip-hop feel to it as well.

Even with it's minor electrical glitches during some bands, and the slightly over priced concession stands, the festival was a hit. The Bay area doesn't have a festival the likes of LA's Coachella or Austin's City Limits, but the Treasure Island Music Festival just may be the event that fills that void for years to come.

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Last published: Thursday October 2, 2008

Mostly cloudy. Isolated sprinkles mainly this morning. Highs 78 to 86.

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The California Aggie // Arts // A musical treasure hunt

A musical treasure hunt

Written by Nicole L. Browner

Published September 25, 2008

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Boasting an ultra-convenient trip onto the San Francisco Bay, the second annual Treasure Island Music Festival brought headliners Justice, TV on the Radio, Tegan and Sara and the Raconteurs for a long-winded two days.

Just as the national festival season gets longer and more dense, Treasure Island had its own stereotypical highlights: A Rihanna cover by Tegan and Sara, a way-too-loud set from France's Justice with a wall of fake amplifiers and amusingly colorful costumes adorned by CSS and Goldfrapp.

Organized loosely by musical similarity - electronic-related acts on Saturday, Sept. 20 and indie rock on Sunday, Sept. 21 - the bill lost a little of the strength it had in its opening year in terms of impressive guests.

But what was lost in such regard, Another Planet Entertainment and Noise Pop compensated for with a games area, various festival "greening" measures and a newly introduced local artist campsite with interactive tents.

Probably the strength of this year's festival was its sampling of local upcoming performers, many being Davis frequenters: Tegan and Sara, The Dodos, Port O'Brien, The Frail, The Morning Benders and Or, the Whale. All said performances were just as confident and energetic as bigger acts. Port O'Brien successfully engaged its audience at the Tunnel Stage during their set, providing makeshift percussion instruments and conducting sing-alongs to their tunes.

Compared to the recent first annual Outside Lands Festival in Golden Gate Park, Treasure Island functioned better due to restrictions on attendance and mobility to and from the grounds. The travel time to the Island from AT&T Park averaged 30 minutes and was entertaining at that. Bauer's "Intelligent Transportation" buses showed Current Television shorts to orient festival goers as well as provoke some laughs with the short "Texting Your Way to Love," viewable on their website [current.com](#).

For a comprehensive recap of the festival, visit [treasureislandfestival.com](#) or Current TV's website coverage.

- Text and photo by Nicole L. Browner

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LATEST NEWS

29th Exotic Erotic Ball & Expo to Be "Exotic Erotic Weekend" Huge Expo, Erotic Arts Festival, Giant Ball, Major Contests, Even Gourmet Cuisine

Last update: 12:05 p.m. EDT Oct. 2, 2008

SAN FRANCISCO, Ca, Oct 02, 2008 (MARKET WIRE via COMTEX) — The 29th annual Exotic Erotic Ball and Expo, the internationally acclaimed Celebration of Flesh, Fantasy, and Freedom has announced a full weekend of lively, sexy entertainment. The legendary Halloween extravaganza, "The World's #1 Wildest and Sexiest Party," is celebrating its move to a waterside location at San Francisco's Treasure Island. The festivities occur October 24 and 25.

"It'll be our greatest show ever, an unforgettable experience. I am pulling out all the stops," says founder Perry Mann. "I've added an Erotic Arts Festival, doubled the cash and prizes for best costumes to \$20,000, and added some of the hottest acts you'll see."

Four major San Francisco hotels have joined with "The Ball" to welcome travelers at rates below market — the historic Rencor Hotel and the Hotel Whitcomb in San Francisco's market district; the 4 Points Sheraton in Emeryville; and the Radisson Hotel in Brisbane.

Says Ball Producer Howard Mauskopf: "Treasure Island is an ideal site, and we've really put together an eclectic, entertaining weekend. Nowhere else can you see an arts festival, fashion shows, awards ceremonies, major contests, adult stars, notable celebrities, indie music concerts, panel discussions, even a human pelling zoo — all in one place. And the weekend culminates with the world's largest masquerade Ball — 65 amazing acts on 5 sexy stages. My favorite is the gourmet cuisine — a full Tantric menu prepared by one of the Bay's top caterers, Wine Valley Catering. So we're putting the word out, loud and clear — this is the year to make the trip."

"The Ball" is widely considered the world's #1 adult-themed party event. Playboy TV recently featured it as one of "69 Sexy Things to Do before you Die," and HDTV's Art Mann called it "The World's Absolute Greatest Party."

Danny Bonaduce returns to help judge the Ball's legendary costume contests, accompanied by MySpace.com vixen Bobbi Billard, Asian Supermodel Akira Lane, and "The Howard Stern Show's" Eric The Midgit. The Gentlemen, Smash-up Derby, and Arlette Paige will perform. 30,000 are expected to attend from far and wide.

The Festival Hotline is: 1-415-567-BALL (2255). The website is exoticeroticball.com. The Ball's official travel trotlo is forprodigy.net.

Please contact:
Christopher Buttner
Publisher
Tel: 415-381-8647
Email Contact

SOURCE: Exotic Erotic Ball

<http://www2.marketwire.com/en/af/af.php?ntc714-7826228750395056>

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Treasure Island: No shutter shades!

By Marke B.



The upside of the Treasure Island Music Fest Ferris wheel.
All photos by David Schnur.

Well, I was kind of wrong, despite dolh protesting too much. There was not one single neon lauvered spectacle at the Treasure Island Music Festival on Saturday, for a lineup that was topped with rockin' French duo Justice. And I'm pretty sure it's not because everyone reads my bitchy repartee in the *Guardian*. It's because San Franciscans are so way ahead of those tired Hipster Runoff hater trends!



TO: Mayor Gavin Newsom

CC: Steve Kawa, Chief of Staff
Ed Lee, City Administrators

FROM: Mirian Saez, Director of Island Operations, Treasure Island

RE: Treasure Island Informational Update

DATE: October 10, 2008

The refurbishing of Great Lawn and Fog Watch Picnic Area for Fleet Week

In preparation for Fleet Week, the Great Lawn and the Fog Watch Picnic Area have been refurbished with new and refreshed picnic tables, benches, and garbage and recycling receptacles. Previously, only the Fog Watch Picnic Area had tables. The addition of these amenities to the Great Lawn extends the public's recreational use of the area.

As this is the first year that the Island has been formally incorporated into Fleet Week activities, we are eager to see what the actual attendance will be for viewing the air show. Food and merchandise vendors will be located on the Great Lawn to enhance our visitors' enjoyment. Through the coordination of Southern Station, additional law enforcement will be stationed on the Island to help facilitate crowd and traffic control.

New and Renewed Leases on Treasure Island

- *Dan Doyle Home* – Dan Doyle, the owner and designer of an extensive line of traditional home furnishings, is rapidly outgrowing his warehouse space on the Island. Prior to developing his line of furniture, Dan established himself as one of the leading consultants for Victorian Restoration. His passion for authenticity in Victorian design is what led him to develop his line of furniture.
- *B & G Designs* – Located in several small shops on Treasure Island, B & G Design are custom cabinet makers. They specialize in woodworking, milling, and hand carved furnishings. From time to time, they build exhibits for the Exploratorium.

Memo to Mayor Gavin Newsom
Treasure Island Development Authority
October 10, 2008

WEEKEND EVENTS

The Alzheimer's Memory Walk

The Alzheimer's Association Memory Walk is the nation's largest event to raise awareness and funds for Alzheimer care, support and research; and it calls on volunteers of all ages to become champions in the fight against this fatal disease. Since 1989, Memory Walk has raised more than \$230 million for our cause. This year marks their tenth anniversary on Treasure Island. Their 3.7-mile walk will take them all around the Island.

2HipBMX Society

This freestyle BMX event is sponsored by the Santa Cruz society. This two-day event takes place at the Hangar 3 parking lot over the weekend and is the first such event by this club on the Island.

U.S. Navy Academy Parents Association

This group is returning once again to enjoy the Fleet Week festivities on Sunday and will view the air show at the newly renovated Fog Watch Picnic Area. They have been making the Island a destination spot for Fleet Week activities for many years now.

Attached are copies of this week's media.

Up-coming On-Island Special Events

The Treasure Island Community Festival, October 25, 2008 11:00 a.m. to 2:00 p.m.

The Exotic Erotic Ball, October 24th and 25th



MILL VALLEY PHILHARMONIC

PRESENTS

The Works Progress Administration: Orchestral Music and Art of the 1930s

SPONSORED BY TREASURE ISLAND DEVELOPMENT AUTHORITY

CELEBRATE THE 75TH ANNIVERSARY OF THE SIGNING OF THE NEW DEAL
AND THE HISTORY OF YOUR OWN COMMUNITY BY ATTENDING A

FREE CONCERT

ORCHESTRAL MUSIC AND A DRAMATIC NARRATION IN A WPA BUILDING.

PROGRAM: AARON COPLAND – *FANFARE FOR THE COMMON MAN* • SAMUEL BARBER –
ADAGIO FOR STRINGS • GEORGE FREDERICK MCKAY – *FROM A MOONLIT CEREMONY* •
ERNST BACON – *SYMPHONY NO. 2, AMERICANA* • WITH LIAM VINCENT, NARRATOR

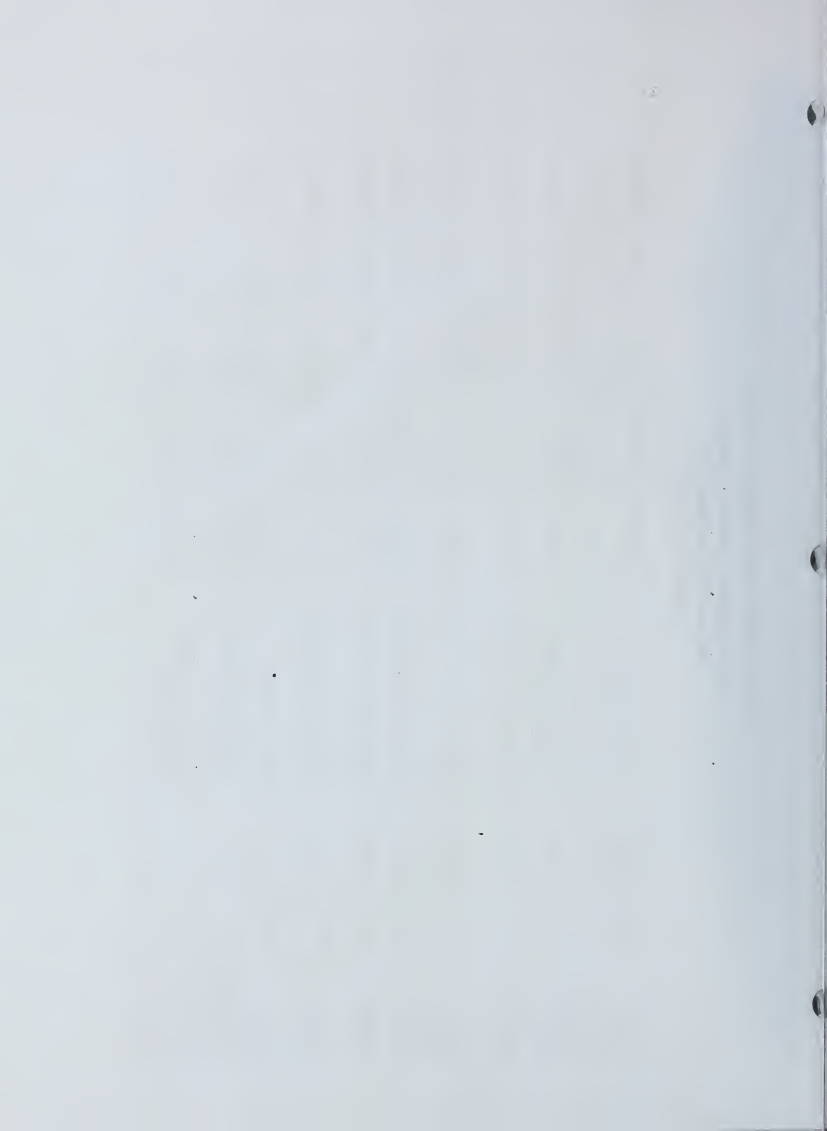
NOVEMBER 1ST 2:00PM
BUILDING 1, TREASURE ISLAND
410 AVENUE OF THE PALMS

MILLVALLEYPHILHARMONIC.ORG * 415-383-0930
LAURIE COHEN, MUSIC DIRECTOR



**Treasure Island Development Authority
Subleases and Permits Executed
Pursuant To Leasing Policy
October 22, 2008**

Location / Facility	Agreement Number	Leasehold Status (new / expired)	Company Name / Prospective Subtenant	Commencement Date	Leasehold Type	Sq. Ft.	Monthly Rent	Comments
Lot @ Cal. & Ave. H	20	Renewal	Golden Gate Rugby	12/1/07	Land / building	PA 3,728 PB 54,000	\$1,030.00	Executed
Building 1-Suite 162	21	Renewal	Treasure Island Homeless Development Initiative	7/1/07	office	1,028	\$307.00	Executed
Piers 11 & 12	23	Renewal	Treasure Island Sailing Center	7/1/07	land	PA 30,000 PB 2,500 PC 27,750	\$150.00	Executed
Lot	30	Renewal	TIHDI	4/1/08	Lot	35,000	\$105.00	Executed
Building 180 S	77	New	Epic	9/19/08	Storage	5,000	\$1,500	Executed
Various	P-79	New	CA Dragon Boat Association	10/1/08 – 10/6/08	Dragon Boat Festival 2008	N/A	\$10,400	Executed
Building 2	80	Renewal	Island Creative Management, LLC	12/1/08	Storage	138,661	\$21,480	Executed
Building No. 671	81	Renewal	William Collister, dba B&G Design	9/1/08	Shed	1,200	\$660.00	Executed
Fogwatch Picnic	P-82	New	Private Individual	10/4/2008	Picnic	N/A	\$500	Executed
Great Lawn and Casa de la Vista	P-83	New	Marathon Coach Club of America	9/27/08 to 10/4/08	Annual meeting	N/A	\$3,797	Executed
Chapel and associated parking	P-85	New	Alzheimers Association of Northern California	10/10 and 10/11, 2008	Annual Memory Walk	N/A	\$2050	Executed









September 5, 2008

Subject: Notice of Preparation – Environmental Impact Report for the Yerba Buena Island Ramps Improvement Project

Dear Responsible Agencies, Organizations, and Interested Parties:

The San Francisco County Transportation Authority (Authority) proposes to remove the westbound on-ramp and the westbound off-ramp located on the eastern side of Yerba Buena Island (YBI). A new westbound on-ramp and a new westbound off-ramp - that replicate the functional roles of the current ramps on the eastern side of YBI - would be constructed. The replacement ramps would address design standards, and seismic and traffic safety requirements. For the proposed action, the Authority is preparing an Environmental Impact Report (EIR) under the provision of the California Environmental Quality Act (CEQA). The project involves a federal action and is therefore also subject to review under the National Environmental Policy Act (NEPA). The environmental document will be a joint environmental impact statement/environmental impact report (EIS/EIR) and is hereinafter referred to as the EIS/EIR.

The Authority is the Lead Agency under CEQA. The California Department of Transportation (Caltrans) is the Lead Agency under NEPA. We need to know the views of your agency regarding the scope and content of the environmental information germane to your agency's statutory responsibilities in connection with the proposed project. Your agency will need to use the EIS/EIR prepared by our agency when considering your permit or other approval for the project.

This YBI Ramps Improvement Project is separate from both the San Francisco Oakland Bay Bridge (SFOBB) East Span Seismic Safety Project, which is currently under construction and the Treasure Island and Yerba Buena Island (TI/YBI) Redevelopment Plan, which is currently undergoing its own environmental review process. The YBI Ramps Improvement Project has been proposed to address the geometric and operational deficiencies of the existing westbound on-ramp and existing westbound off-ramp on the eastern side of YBI and their effects on the San Francisco-Oakland Bay Bridge (I-80) mainline, without degrading the mainline operation as compared to the no-action alternative. This project would improve safety, and facilitate traffic operations, at the I-80/YBI interchange by replacing the westbound on-ramp and the westbound off-ramp located on the eastern side of YBI. The feasibility of improving the geometric configuration and operations of the current eastbound off-ramp on the eastern side of YBI to Hillcrest Road will also be studied. A more detailed project description, project location map, and project vicinity map, are contained in the attached materials.

CEQA Guidelines Section 15082(b) mandates that each Responsible Agency must respond to a NOP within thirty (30) days after receipt. The review period for the YBI Ramps Improvement Project will extend from September 5, 2008 through October 6, 2008.



Moving the City.

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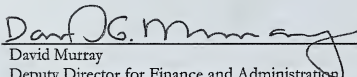
Gerardo Sandoval

José Luis Moscovitch
EXECUTIVE DIRECTOR

Written comments must be received at the Authority office by 5 p.m. on October 6, 2008 and sent to **Eric Cordoba, Project Manager; San Francisco County Transportation Authority; 100 Van Ness Avenue, 26th Floor; San Francisco, CA 94102.** Phone: (415) 955-2904. Fax: (415) 522-4829. E-mail: eric@cordobaconsulting.com, with a copy of the comment sent to **Melanie Brent, Caltrans District 4 Office of Environmental Analysis, 111 Grand Avenue, Oakland CA 94623.** Telephone (510) 286-5231. Please include the name of an appropriate contact person in your agency for continued EIS/EIR coordination.

A copy of the Notice of Preparation and Notice of Intent can be found on the Authority's website, at <http://www.sfcta.org>

Your views and comments on how the project may affect the environment are welcomed. Please contact Mr. Cordoba at (415) 955-2904 if you have any questions.



David Murray
Deputy Director for Finance and Administration
San Francisco County Transportation Authority

September 5, 2008

Date

Attachments (1)

cc: EC, LC - Chron, File: YBI Ramps Improvement Project NOI/NOP

NOTICE OF PREPARATION (NOP) ATTACHMENT

YERBA BUENA ISLAND RAMPS IMPROVEMENT PROJECT

Environmental Impact Statement/Environmental Impact Report (EIS/EIR)

The San Francisco County Transportation Authority (Authority), and California Department of Transportation (Caltrans) as the Lead Agencies under the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA) respectively, will prepare an Environmental Impact Report/Environmental Impact Statement (EIS/EIR) for the following project:

PROJECT TITLE: YERBA BUENA ISLAND RAMPS IMPROVEMENT PROJECT

The Authority requests the views of your agency on the scope and content of the environmental information relevant to your agency's jurisdictional or regulatory responsibilities. If your agency is a responsible agency or trustee agency as defined by State California Environmental Quality Act (CEQA) Guidelines (Sections 15381 and 15386), your agency will need to use the EIS/EIR prepared for this project when considering your permit or other approval for the project. If your agency is not a responsible or trustee agency as defined by CEQA guidelines, or if you are an interested individual or organization, we would still appreciate your views on the scope of the environmental document for this project.

The project description, location, and probable environmental effects are described herein, along with date, time, and location of the project scoping meeting. The project has the potential to have a significant effect on the environment, and therefore an EIS/EIR is required pursuant to State CEQA Guidelines 15060(d). No initial study has been prepared. The review period for the Yerba Buena Island (YBI) Ramps Improvement Project will extend from September 5, 2008 through October 6, 2008. Written comments must be received at the Authority office no later than 5 p.m. on October 6, 2008 and sent to **Eric Cordoba, Project Manager; San Francisco County Transportation Authority; 100 Van Ness Avenue, 26th Floor; San Francisco, CA 94102.** Phone: (415) 955-2904. Fax: (415) 522-4829. E-mail: eric@cordobaconsulting.com, with a copy of the comment sent to **Melanie Brent, Caltrans District 4 Office of Environmental Analysis, 111 Grand Avenue, Oakland CA 94623.** Telephone (510) 286-5231. Please include the name of an appropriate contact person in your agency for continued EIS/EIR coordination.

PROJECT DESCRIPTION

YBI is located in the San Francisco Bay, approximately halfway between Oakland and San Francisco, and is accessible by vehicles only via the San Francisco-Oakland Bay Bridge (SFOBB), part of Interstate 80. The SFOBB is a critical link in the interstate network, providing access between San Francisco and the East Bay. YBI and the SFOBB also provide access to Treasure Island, which lies to the north of YBI. YBI and Treasure Island are accessed by on-and-off-ramps located on the upper and lower decks of the SFOBB. The SFOBB and the associated

on- and off-ramps provide the only land access to the active U.S. Coast Guard facilities located on the southern side of YBI.

The proposed project would replace the existing westbound on-ramp and the westbound off-ramp located on the eastern side of YBI with a new westbound on-ramp and a new westbound off-ramp that replicate the functional roles of the current ramps. The replacement ramps would also address seismic and traffic safety requirements, and design standards. The feasibility of improving the geometric configuration and operations of the current eastbound off-ramp on the eastern side of YBI to Hillcrest Road will also be studied.

Build Alternatives have been proposed to address the geometric and operational deficiencies of the existing on- and off-ramps and their effects on the SFOBB (I-80) mainline without degrading the mainline operation as compared to the no-action. This YBI Ramps Improvement Project is separate and independent of the SFOBB East Span Seismic Safety Project, which is currently under construction and the Treasure Island and Yerba Buena Island (TI/YBI) Redevelopment Plan, which is currently undergoing its own environmental review process. The proposed new ramps would improve traffic and seismic safety of the ramps and provide connections between YBI and the transition structure of the new SFOBB. The proposed project is located between Post Mile (PM) 7.8 and 8.1 starting at the east portal of the YBI tunnel and ending before the SFOBB Transition Structure.

PURPOSE AND NEED

The purpose of the project is to address the geometric and operational deficiencies of the existing on- and off-ramps, to the extent physically and economically feasible; improve traffic operations to and from the SFOBB and improve traffic safety by increasing deceleration length for the eastbound and westbound off-ramps, and increasing merging distance for eastbound and westbound on-ramps.

The YBI ramps currently do not meet Caltrans geometric standards. They have not been significantly updated since the 1960s and are seismically unsafe. Due to their non-standard entrances and exits, these ramps act as a traffic operational constraint. In addition, the deceleration length of the off-ramps and the merging distance for the on-ramps are insufficient and not up to current standards. The limited merging and deceleration distances make it challenging for vehicles to enter and exit traffic flows on the SFOBB.

Figure 1
Regional Location

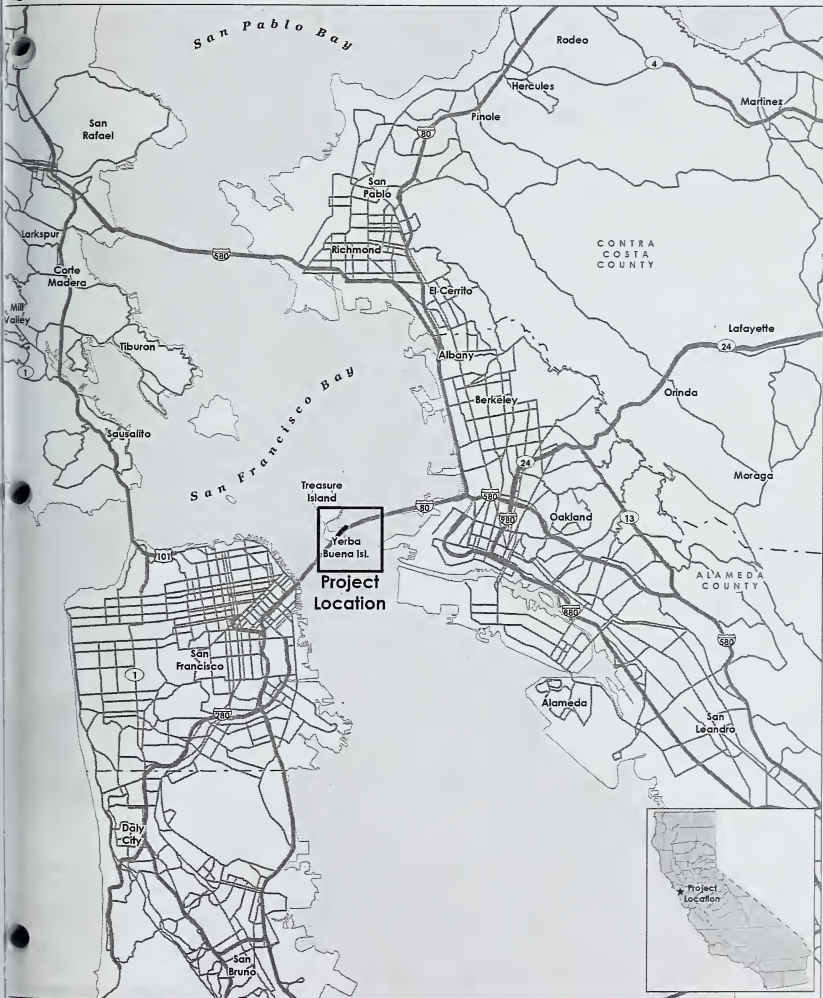
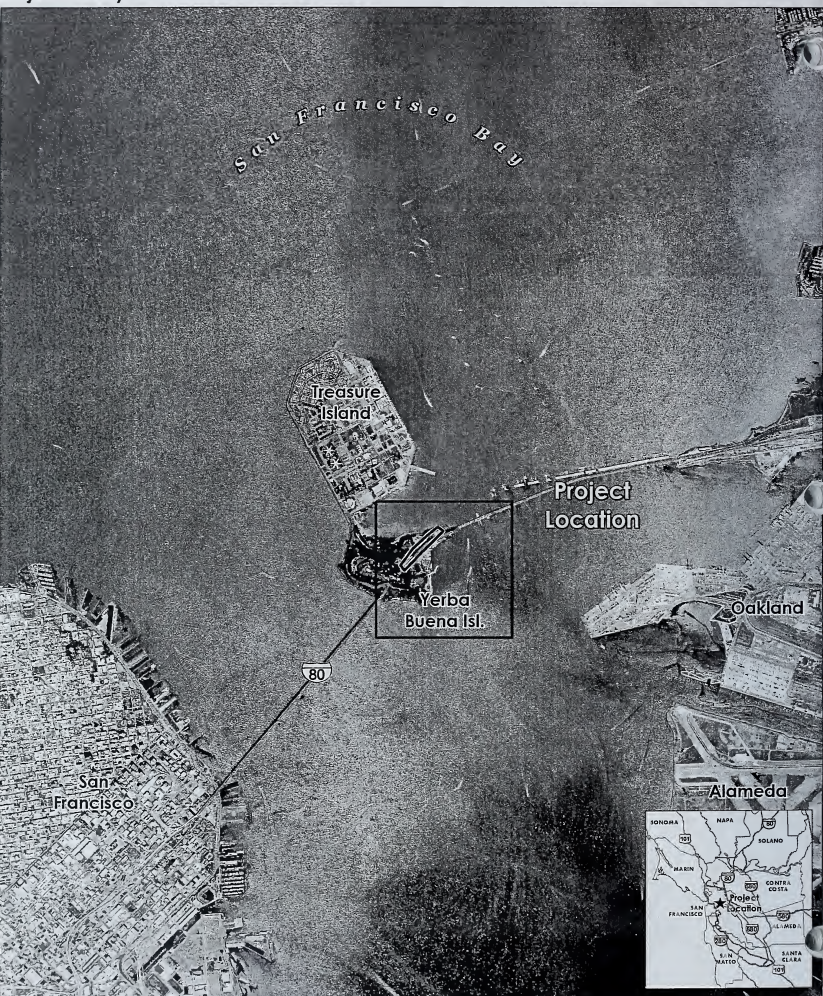


Figure 2
Project Vicinity



THE PROJECT AND PROJECT ALTERNATIVES

Preliminary alternatives under consideration for the EIS/EIR include:

- (1) No Build Alternative, which assumes that the existing on- and off-ramps would remain in place and no further action or improvements would occur;
- (2) Alternative 2B, which would include the removal of the existing westbound on- and off-ramps on the east side of YBI, construction of a westbound off-ramp to Macalla Court on the east side of YBI, and construction of a westbound hook on-ramp from Macalla Court on the east side of YBI. The feasibility of incorporating improvements to the current eastbound off-ramp on the eastern side of YBI to Hillcrest Road will be studied.;
- (3) Alternative 4, which would include the removal of the existing westbound on- and off-ramps on the east side of YBI, the construction of westbound on-ramp from Hillcrest Road, and construction of westbound off-ramp from Macalla Court on the east side of YBI. The feasibility of incorporating improvements to the current eastbound off-ramp on the eastern side of YBI to Hillcrest Road will be studied.; and,
- (4) Other alignment alternatives that emerge from the scoping and alternatives analysis process.

POTENTIAL ENVIRONMENTAL EFFECTS TO BE ANALYZED

Potential environmental effects would be analyzed for the following issue areas:

- Land Use
- Consistency with State, Regional, and Local Plans and Programs
- Parks and Recreational Facilities
- Growth
- Farmland/Agricultural Lands
- Community Services
- Environmental Justice
- Utilities and Emergency Services
- Traffic and Transportation
- Visual/Aesthetics
- Historic and Cultural Resources
- Hydrology and Floodplain
- Water Quality and Stormwater Runoff
- Geology, Soils, and Seismicity
- Paleontology
- Hazardous Waste/Materials
- Air Quality
- Noise and Vibration
- Biological Resources

- Wetlands and Other Waters of the U.S.

Caltrans and the Authority will evaluate the impacts of each alternative. To ensure that the full range of issues to this proposed action are addressed and all significant issues identified, comments and suggestions are invited from all interested parties.

THE EIS/EIR PROCESS AND THE ROLE OF PARTICIPATING AGENCIES AND THE PUBLIC

In accordance with 23 CFR 771.105(a) and 771.133 and with CEQA and the implementing regulations, Caltrans and the Authority will comply with all applicable Federal and state environmental laws, regulations, and federal executive orders applicable to the proposed project during the environmental review process. These requirements include, but are not limited to, the regulations of the Council on Environmental Quality and Caltrans implementing NEPA (40 CFR parts 1500-1508, and 23 CFR Part 771), the project-level air quality conformity regulation of the U.S. Environmental Protection Agency (EPA) (40 CFR part 93), the Section 404(b)(1) guidelines of EPA (40 CFR part 230), the regulation implementing Section 106 of the National Historic Preservation Act (36 CFR Part 800), the regulation implementing section 7 of the Endangered Species Act (50 CFR part 402), Section 4(f) of the 1966 DOT Act (23 CFR 771.135; 49 U.S.C. 303), Section 401 and 404 of the Clean Water Act, Section 6(f) Land and Water Conservation Fund Act, Section 10 Army Corps of Engineers (ACOE), Section 9 Coast Guard, determination of consistency with the federal Coastal Zone Management Act by the San Francisco Bay Conservation and Development Commission, federal Executive Orders 12898 on environmental justice, 11988 on floodplain management, and 11990 on wetlands, and the CEQA laws and regulations. The Authority Board would certify the EIR. Caltrans would certify the EIS, approve the project and project design, and would be responsible for project construction.

Letters describing the proposed action and soliciting comments will be sent to appropriate Federal, state, participating agencies (including federally recognized Tribal governments, if any), and local agencies, and to private organizations and citizens who have previously expressed or are known to have interest in this proposal.

To ensure that the full range of issues related to this proposed action are addressed and all significant issues identified, comments and suggestions are invited from all interested parties. Comment or questions concerning this proposed action and the EIS/EIR should be directed to Eric Cordoba, Project Manager for the Authority, with a copy of comment sent to Melanie Brent, Caltrans Office Chief at the addresses listed at the end of this attachment.

SCOPING MEETINGS

A public scoping meeting is scheduled to be held at the Port of San Francisco office, in the Bayside Conference Room located at Pier 1, The Embarcadero, San Francisco, CA 94111 on Wednesday, September 24, 2008 from 6:30 to 8:00 p.m. Written comments on the scope of alternatives and impacts to be considered must be received at the Authority office no later than 5 p.m. on October 6, 2008 and should be sent to the Authority with a copy of the comment sent to Caltrans at the addresses below.

In addition, at least one public hearing will be held after the publication of the Draft EIS/EIR. Public notice will be given of the time and place of the meeting and hearing (as applicable). The Draft EIS/EIR will be available for public and agency review and comment prior to the public hearing.

ADDRESSES/CONTACT LIST/FURTHER INFORMATION

Written comments during scoping or on the proposed project in general should be sent to:
Eric Cordoba, Project Manager; San Francisco County Transportation Authority; 100 Van Ness Avenue, 26th Floor; San Francisco, CA 94102. Phone: (415) 955-2904. Fax: (415) 522-4829. E-mail: eric@cordobaconsulting.com with a copy of the comment sent to **Melanie Brent, Caltrans District 4 Office of Environmental Analysis, 111 Grand Avenue, Oakland CA 94623.** Telephone (510) 286-5231.

To be added to the mailing list for the YBI Ramps Improvement Project, contact Mr. Cordoba at the address listed above.



4910-22

STATE OF CALIFORNIA

Department of Transportation

ENVIRONMENTAL IMPACT STATEMENT AND ENVIRONMENTAL IMPACT
REPORT: SAN FRANCISCO, CALIFORNIA

AGENCY: California Department of Transportation (Caltrans) and San Francisco County
Transportation Authority (Authority)

ACTION: Notice of Intent (NOI) to prepare a joint Environmental Impact
Statement/Environmental Impact Report (EIS/EIR).

SUMMARY: Caltrans and the Authority are issuing this notice to advise the public that
an Environmental Impact Statement/Environmental Impact Report (EIS/EIR) will be
prepared for the proposed Yerba Buena Island (YBI) Ramps Improvement Project on
Interstate 80 (I-80) in San Francisco County, California.

FOR FURTHER INFORMATION CONTACT: Eric Cordoba, San Francisco County
Transportation Authority, 100 Van Ness Avenue, 26th Floor, San Francisco, CA 94102,
Telephone (415) 955-2904 or Melanie Brent, Caltrans District 4 Office of Environmental
Analysis, 111 Grand Avenue, Oakland CA 94623, Telephone (510) 286-5231.

SUPPLEMENTARY INFORMATION:

Effective July 1, 2007, the Federal Highway Administration (FHWA) assigned,
and the California Department of Transportation (Caltrans) assumed, National
Environmental Policy Act (NEPA) environmental responsibilities for highway projects
pursuant to 23 U.S.C. 327. In cooperation with Caltrans, the Authority will prepare a
joint EIS/EIR for the proposed YBI Ramps Improvement Project at Yerba Buena Island

in the City and County of San Francisco, California. Caltrans is the lead agency under NEPA and the Authority is the lead agency under the California Environmental Quality Act (CEQA).

YBI is located in San Francisco Bay, between Oakland and San Francisco, and is accessible by vehicles only via the San Francisco-Oakland Bay Bridge (SFOBB), which is a critical link in the interstate network, providing access between San Francisco and the East Bay. The only access to Treasure Island, located north of YBI and the only land access to the active U.S. Coast Guard facilities on the south side of YBI, is also from the SFOBB and the associated on and off-ramps.

The proposed project would replace the existing westbound on- and off-ramps located on the east side of YBI with new westbound on- and off-ramps that replicate the functional role of the current ramps and also address seismic, traffic safety requirements, and design standards. The feasibility of improving the geometric configuration of the current eastbound off-ramp on the eastern side of YBI to Hillcrest Road will also be included. The YBI Ramps Improvement Project is separate and independent of both the SFOBB East Span Seismic Safety Project currently under construction, and the Treasure Island and Yerba Buena Island (TI/YBI) Redevelopment Plan, which is currently undergoing its own environmental review process. The proposed new ramps would improve traffic and seismic safety of the ramps and provide connections between YBI and the transition structure of the new SFOBB. The proposed project is located between Post Mile (PM) 7.8 and 8.1 starting at the east portal of the YBI tunnel and ending before the SFOBB Transition Structure.

The purpose of the project is to address geometric and operational deficiencies of the existing on- and off-ramps, improve traffic operations to and from the SFOBB and improve traffic safety by increasing deceleration length for the eastbound and westbound off-ramps, and increasing merging distance for eastbound and westbound on-ramps. Preliminary alternatives under consideration for the EIS/EIR include:

- (1) No Build Alternative, which assumes that the existing on- and off-ramps would remain in place and no further action or improvements would occur;
- (2) Alternative 2B, which would include the removal of the existing westbound on- and off-ramps on the east side of YBI, construction of a westbound off-ramp to Macalla Court on the east side of YBI, construction of a westbound hook on-ramp from Macalla Court on the east side of YBI. The feasibility of incorporating improvements to the current eastbound off-ramp on the eastern side of YBI to Hillcrest Road will be studied.; and,
- (3) Alternative 4, which would include the removal of the existing westbound on- and off-ramps on the east side of YBI, the construction of westbound on-ramp from Hillcrest Road, the construction of westbound off-ramp from Macalla Court on the east side of YBI. The feasibility of incorporating improvements to the current eastbound off-ramp on the eastern side of YBI to Hillcrest Road will be studied.

Anticipated federal approvals or permits include, U.S. Fish and Wildlife Service (USFWS) Section 7 Endangered Species Act, Consultation, Sections 401 and 404 of the Clean Water Act, Section 4(f) of the Transportation Act of 1966 Section 6(f) Land and Water Conservation Fund Act, Section 10 Army Corp of Engineers (ACOE), Section 9

Coast Guard, and determination of consistency with the federal Coastal Zone Management Act by the San Francisco Bay Conservation and Development Commission.

Letters describing the proposed action and soliciting comments will be sent to appropriate Federal, state, participating agencies (including federally recognized Tribal governments, if any), and local agencies, and to private organizations and citizens who have previously expressed or are known to have interest in this proposal. The NEPA environmental process for the proposed project began in June 2008. A public scoping meeting is scheduled to be held at the Port of San Francisco office, in the Bayside Conference Room located at Pier 1, The Embarcadero, San Francisco, CA 94111 on Wednesday, September 24, 2008 from 6:30 to 8:00 p.m.

In addition, at least one public hearing will be held after the publication of the Draft EIS/EIR. Public notice will be given of the time and place of the meeting and hearing (as applicable). The Draft EIS/EIR will be available for public and agency review and comment prior to the public hearing.

To ensure that the full range of issues related to this proposed action are addressed and all significant issues identified, comments and suggestions are invited from all interested parties. Comment or questions concerning this proposed action and the EIS should be directed to Eric Cordoba, Project Manager for the Authority, with a copy of comment sent to Melanie Brent, Caltrans Office Chief. Written comments must be received no later than 5 p.m. on October 6, 2008 and should be sent to Eric Cordoba at the Authority, with a copy of the comment sent to Melanie Brent at Caltrans at the addresses listed above.

(Catalog of Federal Domestic Assistance Program Number 20.205, Highway Planning and Construction. The regulations implementing Executive Order 12372 regarding intergovernmental consultation on Federal programs and activities apply to this program.)

Issued on: September 5, 2008

JAMES B. RICHARDS, Deputy District Director
District 4 Division of Environmental Planning and Engineering
California Department of Transportation
Oakland, California

TIHDI

Treasure Island Homeless Development Initiative

September 10, 2008

Mirian Saez, Director of Operations
TIDA
410 Palm Ave. 2nd Floor
San Francisco, CA 94130

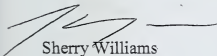


Dear Ms. Saez:

Thank you so very much for your support towards the 10th Annual Treasure Island Community Day Festival on October 25, 2008. Your support contributes to our efforts to build a new San Francisco neighborhood that includes people from all socio economic backgrounds—both for today and for tomorrow.

It will be a great day on the Great Lawn, with children of all ages enjoying everything from craft booths, to face painting & fun children activities, to a variety of music styles and delicious food. Spectacular views and great company will round out what is sure to be another successful event. And your support for this effort is truly appreciated by us all! Feel free to stop by..its from 11am to 3pm!

Sincerely,


Sherry Williams
Executive Director

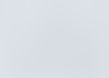
*Thanks Mirian ... hope you get an
interesting lunch date!*

TIHDI is a non-profit organization. Your donation is tax deductible. TIHDI's federal tax ID # is 94-3280624.

410 Palm Ave., Bldg. 1, Room 166
San Francisco, CA 94130
415-274-0311
www.tihdi.org

CHAPTER 1

THE HISTORY OF THE UNITED STATES



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TREASURE ISLAND DEVELOPMENT AUTHORITY
410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND

September 19, 2008

Garry Grady
Glide Foundation/Glide Memorial Church
330 Ellis Street
San Francisco CA 94102

Dear Mr. Grady:

It was a pleasure meeting with Steve Michell, Training Coordinator for the Glide YouthBuild program, concerning Glide's and Treasure Island Development Authority's (the "authority") joint interest in providing the opportunity to renovate and restore housing on Yerba Buena Island and/or Treasure Island.

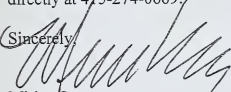
The Authority is excited and honored to be working with the Glide Foundation to further promote its training program for the benefit of the low income community in San Francisco. The Authority commits to providing access to low-income housing in need of rehabilitation for the purpose of training Glide YouthBuild participants.

The location of the sites to be rehabilitated are tentatively 1236 Northpoint, Units A-H, Treasure Island, San Francisco, with the possible addition of several historical buildings on Yerba Buena Island.

The properties will remain under the ownership and control of the Authority, with financing of construction supplies to be provided by Glide through private donations. Upon completion of rehabilitation, the Authority certifies that it will comply with the requirements of the Fair Housing Act, and will affirmatively further fair housing, and will provide for the inclusion of tenants who were previously homeless in the rental housing program. The Authority also certifies that this program is consistent with the City and County of San Francisco housing strategy.

If you have any questions or need additional information, please feel free to contact me directly at 415-274-0669.

Sincerely,


Mirian Saez
Director of Island Operations

The
JOHN STEWART COMPANY

1388 SUTTER STREET, 11TH FLOOR
SAN FRANCISCO, CA 94109-5427

415.345.4400
FAX 614.9175
WWW.JSCO.NET

MEMORANDUM

To: Marian Saez, Director of Operations
Treasure Island Development Authority
City of San Francisco
410 Palm Avenue
Building 1, 2nd Floor
Treasure Island,
San Francisco, CA 94130

cc. Mark McDonald, TIDA
John Stewart, JSCO
Paula Schlunegger, JSCO

Gary Griffin, Edison Capital
Loren Sanborn, JSCO
Lynny Lee, JSCO

Ned York, JSCO
Connie Le, JSCO
Jack Gardner, JSCO

From: Michael Smith-Heimer

Date: September 20, 2008

RE: **Percentage Rent for Treasure Island Housing Project Sublease for August 2008**

W/O PYMT



Enclosed is our payment of Percentage Rent in the amount of \$522,901 per the sublease agreement. This figure is based on the calculations on the accompanying attachment. You should note that these expenses include funding reserves as outlined in the sublease requirements as well as accrued the funds to pay Possessory Interest charges of the property.

Calculation of Funds Available for Distribution

TIDA receives 95% revenues remaining after adjusting gross revenues by operating expenses, current accretion due and the repayment of ledger balances based on sublease specifications. Funds expended for replacement reserve eligible items are expensed in the period expenses are recognized. To the degree that these costs are reimbursed from the replacement reserve account, percentage rent will be adjusted in the period that the reserve draw is approved.

For the month of August, Actual Total Revenues were above Budgeted Total Revenues by about 1.2% while Actual Total Operating Expenses were below Budgeted Total Operating Expenses by about 1.8% (due to tax insurance categories savings of about \$15K and significant administrative cost savings for the period and reserve expenditures of 65K - 1.8% below the monthly budget for July). The result was that Funds Available for Distribution were about 4.5% above budget

Calculation of Percentage Rent

Based on operations, a total of 634,661 in adjusted Gross Revenues after costs of operations are available for distribution reflecting the July Period. These revenues are distributed as follows:

<u>July 2008 Distributions</u>	<u>Actual</u>	<u>Budgeted</u>
Available for Distribution	\$ 550,422	526,909
Percentage rent for TIDA	\$ 522,901	500,564
Percentage rent for JSCO	27,521	26,345

This percentage rent breakdown reflects the current year split by TIDA/JSCO. Beginning in April 2005 disbursements, TIDA receives 95% of revenues after expenses, while the John Stewart Company percentage is 5% of the amount.

attachment





POLICE DEPARTMENT
CITY AND COUNTY OF SAN FRANCISCO

THOMAS J. CAHILL HALL OF JUSTICE
850 BRYANT STREET
SAN FRANCISCO, CALIFORNIA 94103-4803

HEATHER J. FONG
CHIEF OF POLICE

October 1, 2008

Ms. Mirian Saez
Executive Director
Treasure Island Development Authority
410 Avenue of the Palms
Treasure Island
SF., CA 94130



SENT VIA FACSIMILE TO (415) 274-0299

Reference: Treasure Island Crime Statistics – September 2008

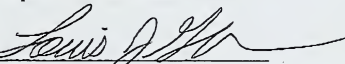
Dear Ms. Saez:

There were twenty-five incident reports filed with the San Francisco Police Department about occurrences on Treasure Island and Yerba Buena Island during the month of September 2008. Please see Attachment A for specific information.

Please Contact me at (415) 553-9154 or at Daniel.McDonagh@sfgov.org if you have any questions.

Sincerely,

Daniel McDonagh
Captain – Southern Station

By: 
Officer Louis Glaser
Southern Station
(415) 553-7959

ATTACHMENT A			TYPE	COMMENTS	CASE NUMBER
OCC. DATE	REP. DATE	LOCATION			
9/1/08	9/1/08	1200 blk northpoint Dr.	Battery		80023199
9/3/08	9/7/08	1400 blk Sturgeon Ct.	Theft from Building	Suspect Known	080949484
9/5/08	9/5/08	1200 blk Mariner Dr.	Burglary / Apartment	Suspect Unk	080942303
9/5/08	9/5/08	1400 blk Flounder Ct.	Warrant Arrest	Arrest made	080938794
9/5/08	9/5/08	Gateview Ct @ Gateview	Suspicious Occurrence		080942018
9/6/08	9/6/08	1300 blk Av B	Dog Bite		080945777
9/6/08	9/6/08	1300 blk Westside Dr.	Robbery / Street	Suspects Known	080944456
9/6/08	9/6/08	1100 blk Ozbourn Ct.	Burglary / Hot Prowl	Suspect Unk	080946054
9/7/08	9/7/08	1400 blk Flounder Ct.	Malicious Mischief	Suspect Known	080949923
9/8/08	9/8/08	1100 blk Haliburton Ct.	Found Property	Supplemental report	080944456
9/8/08	9/8/08	1200 blk Mariner Dr.	Malicious Mischief	Suspect Unk	080948185
9/12/08	9/12/08	1200 blk Gateview	Investigative Detention		080967163
9/13/08	9/13/08	1100 blk Hutchins Ct.	Warrant Arrest	Arrest made	080973370
9/15/08	9/15/08	Address Withheld	Spouse, Cohabitee Injury	Arrest made	080978273
9/15/08	9/15/08	1300 blk Gateview Av	Phone Calls, Threatening	Suspect Unk	080980234
9/18/08	9/18/08	1100 blk Mason Ct.	Terrorist Threats	Suspect Unk	080899265
8/18-8/19/08	9/19/08	600 blk Av H	Burglary, other Bldg	Suspect Unk	080995001
9/18/08	9/18/08	1100 blk Mason Ct.	Terrorist Threats	Suspect Unk	080899265
9/19/08	9/19/08	Address Withheld	Mental Health Detention		080994401
9/22/08	9/22/08	1400 blk Sturgeon St.	Missing Adult		081008827
8/11-8/15/08	9/24/08	1400 blk Croaker Ct.	Credit card Fraud	Suspect Unk	081015571
9/21-9/22/08	9/25/08	600 blk Av H	Burglary, other Bldg	Suspect Unk	081021318
9/24-9/25/08	9/26/08	300 blk Av C	Theft from Building	Suspect Unk	081023530
9/12-9/22/08	9/29/08	800 blk Av D	Access Card, Theft of	Suspect Unk	081037149
9/29/08	9/29/08	1300 blk Gateview Av	Threats	Suspect Known	081035529

Part 1 Crimes September, 2008

Robbery 1
Sex Offenses

Homicide
Vehicle Theft

Arson
Larceny 3

Assult 2
Burglary 4

ISLANDS UNITED

INSIDE THIS ISSUE:

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<i>Business Class</i>	15

Save the Date!

- Oct 4—Dragon Boat Festival
- Oct 9—Fleet Week
- Oct 11—Memory Walk / 2hip
- Oct 18—Family Festival
- Oct 24—Exotic Erotic Ball
- Oct 25—10th Annual Island Festival
- Nov 1—Mill Valley Philharmonic
- Nov 7—Triathlon

Do you have an article or a message that you want to share with the community? Are you moving and would like to sell some of your items? Do you have an idea on what you would like to see on the next newsletter? Please send your information to lorainelee@isco.net in an attachment as a Word document before December, 15, 2008.

A MESSAGE FROM ANIMAL CARE & CONTROL

Animal Care & Control is very concerned about the recent incidents of dog fighting and animal cruelty on Treasure Island.

Dog fighting is a cruel sport and a felony offense. Please report any information about dog fighting activity to Animal Care & Control. Keep small dogs and cats under your direct supervision — dog fighters will use these animals to train their dogs to kill.

It is against the law for your dog to be off-leash in San Francisco, unless you are in a designated off-leash area. There are no designated off-leash areas on Treasure Island or Yerba Buena Island. Most of the dog problems — and tragic incidents — Animal Care & Control responds to are a direct result of a dog being off-leash. Dogs under a owner/guardian's control, on leash, don't get into fights, bite people or get hit by cars. Keep your dog on leash for the well-being and safety of everyone.

Pick up after your dog. The law states that you must carry a container to remove your dog's feces, and that you must dispose of it properly. A dog that defecates twice a day will leave 730 piles of poop over the course of the year. Be a responsible dog owner and clean up after your dog. Don't make it someone else's problem — it is your responsibility, and it's the law.

It is illegal to own an unaltered pit bull or pit bull mix in San Francisco. All pit bulls or pit bull mixes must be spayed or neutered.

Animal Care & Control
1200 15th Street (at Harrison)
San Francisco
Animal Emergencies: (415) 554-9400
To report animal cruelty and neglect: (415) 554-9400
General Info: (415) 554-6364
Volunteer Info: (415) 554-9414
www.animalshelter.sfgov.org



PARKING PERMITS

All resident vehicles must be in compliance with the Parking Agreement policy.

All resident vehicles are required to display a current parking permit. To obtain your parking permit, bring your current registration and proof of insurance to your property management office.

The parking permit should be placed on the driver's side of the windshield.

Parking is permitted in designated and assigned areas only. Vehicles parked improperly will receive a warning notice. If the parking violation is not corrected the vehicle will be subject to tow.

If you have any further questions or concerns, please contact your property manager.



PARKING SPACE

PERMIT NUMBER

CITY & COUNTY OF SAN FRANCISCO

TREASURE ISLAND DEVELOPMENT AUTHORITY
410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND



MIRIAN SAEZ
DIRECTOR OF ISLAND OPERATIONS

October 1, 2008

Dear Island Resident,

Two years ago when I became Director of Island Operations I refocused the Treasure Island Development Authority (TIDA) Staff and the annual TIDA budget to address the quality-of-life issues you identified as being important: public safety, youth activities, emergency preparedness and amenity issues. With your input, I believe we have improved in all four areas.

We have increased the visibility of the SFPD with additional officers on patrol, regularly scheduled local and regional law-enforcement training exercises, and an increased security presence at the front gate. Over the summer the Islands experienced a spike in residential burglaries. With assistance from Captain Daniel McDonough of Southern Station, we formed a task force dedicated to combat the situation. The end result was a decrease in burglaries and three arrests. We also addressed safety issues with improved street lighting and with the Vegetation Management Program which we have expanded after the recent grass fire on YBI.

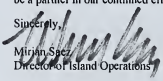
We increased funding for both Kidango and the Boys & Girls Club. During the past 12 months we have made a concerted effort to increase the number of playing fields available for youth recreation, and we are currently working on a new playground and skateboard park.

TIDA Staff is developing an Island-specific Emergency Operations Plan and have trained in NERT, secured emergency supplies, and identified Red Cross shelters on the Islands. Improved amenities include the rerouting and extension of the Muni 108 bus, clearer demarcation of Bay Bridge on-ramp lanes, and the opening of the much needed Treasure Island Market & Deli. TIDA Staff is currently working on additional picnic facilities and a dog walking area.

As many of you know, TIDA does not receive any funding from the City which means that our budgeted expenditures for the year are based on the revenues earned from housing rentals, commercial leases and special events. We have actively marketed the Islands to increase revenues from commercial leases and, more notably, special events. Last month we hosted the 2nd annual Treasure Island Music Festival which is already developing a reputation as one of the best music festivals in the region. Days after the Music Festival we also hosted Oracle's Open World Appreciation Event. And while we were excited to show off the Islands to 40,000 new guests from around the country and the world, we are aware that there were some logistical issues and challenges associated with this large scale event. We learned from this experience, and I apologize for any inconvenience that you may have experienced during this "music" month.

I invite you to join myself and the TIDA staff at the October 15th Community Meeting at 6:30 p.m. at the Ship Shape. This is an opportunity for you to share your thoughts, to hear what is being planned, and to be a partner in our continued effort to improve the quality of life on the Islands.

Sincerely,


Mirian Saez
Director of Island Operations

UPDATE REGARDING NAVY CLEANUP PROGRAM

Written By: Jim Sullivan

The Navy and their contractors continue investigation and environmental cleanup at locations on Treasure Island and Yerba Buena Island.

TI Housing Area (Site 12): Soil excavation continues in the Westside Drive area, and is expected to continue through at least the end of December 2008. Access to the areas at the northeast corner of TI, including the boat ramp area, will be affected, depending on when all of the contaminated soil in bins and stockpiles is transported off the island from this area. Additional project updates will be provided at the October 21st and December 16th Restoration Advisory Board (RAB) meetings.

The Navy pilot study to treat arsenic in groundwater near the corner of Westside Drive and Gateview Avenue is planned to begin in October. (Groundwater is not used for drinking water at TI and YBI. All drinking water is supplied by pipeline from San Francisco.)

Daycare Center (Site 30) and Former South Storage Yard (Site 31): The Navy, in conjunction with state environmental regulatory agencies, has prepared Proposed Plans/Draft Remedial Action Plans (PP/Draft RAPs) for Sites 30 and 31 for public review and comment. Copies have been mailed to all residential addresses on TI and YBI and to all others on the Navy's community relations mailing list.

There is no risk to users of the daycare center. The Navy completed an earlier soil cleanup action in 2002/2003 around the building prior to the daycare center opening in 2003. The objective of this proposed plan for Site 30 is to protect current daycare center users by preventing the ingestion of, and direct contact with, soil containing unknown concentrations of dioxins beneath the building foundation.

A second objective of the proposed plan for Site 30 is to protect future commercial/industrial and residential users if the building is demolished and the site is redeveloped by preventing the ingestion of and direct contact with soil containing unknown concentrations of dioxin beneath the building foundations and known concentrations under a concrete pad on the west side of the building.

Site 31 is a portion of the south playground area of the former TI elementary school. The playground is paved with asphalt. The proposed plan addresses soils beneath the pavement.

The PP/Draft RAPs for each site provide a summary of site evaluations including remedial investigations, feasibility studies, and human health and ecological risk assessments. This is the last step in the cleanup decision making process before the Navy signs a Record of Decision to select the cleanup method.

The Navy will host a Public Meeting to discuss the PP/Draft RAPs, and accept public comments on **October 7, 2008, 7:00 p.m. to 8:00 p.m.** at Casa de la Vista, Building 271, Treasure Island.

The Navy invites interested members of the public to review and comment on the PP/Draft RAPs during the 30-day public comment period from September 23 through October 23, 2008. Public comments must be postmarked or e-mailed by October 23, 2008, or submitted at the public meeting on October 7, 2008. Please send all comments to: Mr. James B. Sullivan, Navy BRAC PMO West, 1455 Frazee Road, Suite 900, San Diego, CA 92108-4310, (619) 532-0966, Email: james.b.sullivan2@navy.mil.

The Department of Toxic Substances Control (DTSC) also invites the public to review and comment on the draft Negative Declaration pursuant to the California Environmental Quality Act (CEQA). The draft Negative Declaration finds that the implementation of the cleanup alternatives at Sites 30 and 31 would have no impact to public health and the environment. Please send written comments on the Negative Declaration to Mr. Ryan Miya, 700 Heinz Avenue, Berkeley, CA 94710-2721, (510) 540-3775, Email: rmiya@dtsc.ca.gov.

Copies of the PP/Draft RAPs, Feasibility Studies, Remedial Investigations, and other site related documents are available for review at the Information Repository at: San Francisco Public Library, Government Publications Section, 100 Larkin Street, San Francisco, California, (415) 557-4400 and Navy BRAC Caretaker Site Office, 410 Palm Ave, Bldg 1, Rm 161, TI, SF, CA 94120, (415) 743-4729. Select documents are also available on the Navy's web site at www.bracpmo.navy.mil.

Other Ongoing Cleanup Projects: There are two ongoing groundwater cleanup pilot projects; at Site 21 near the Youth Sailing Center at Pier 12, and at Site 24 on the east side of the island.

Future Cleanup Project: The Navy is planning a soil abatement for polychlorinated biphenyls (PCBs) at Site 32, a former training area east of the wastewater treatment plant at the northeast corner of TI. Field work will begin in late 2008 or early 2009.

The Navy Cleanup Program will also have an Information Booth at the Saturday October 25th Community Picnic. Stop by and see us.

If you have any comments or questions, please contact James Sullivan at (619) 532-0966 or send an e-mail to james.b.sullivan2@navy.mil. You can also attend the bi-monthly Restoration Advisory Board (RAB) meetings to get updates on Navy cleanup projects at TI and YBI. All RAB meetings are public meetings. Everyone is welcome! The next RAB meeting is **Tuesday October 21st at 7:00 pm** at the Casa de la Vista. Future RAB meetings are scheduled for **December 16th 2008** and **February 17th 2009**.



Site 30 Daycare Center

Please visit the Navy website at:

www.bracpmo.navy.mil



KAISER PERMANENTE SAN FRANCISCO
**INTERNATIONAL
 DRAGON BOAT**
 FESTIVAL OCTOBER 4+5, 2008
 TREASURE ISLAND

www.SFDRAGONBOAT.com

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THE VILLAGES AT TREASURE ISLAND CORNER



ILLEGAL SUBLETTING

The Villages at Treasure Island are aware of many residents involved with illegal subletting. We would like to take this opportunity to inform you that there will be a culture change regarding this issue. To protect yourself and your household, please take this opportunity to add all the members of your household to the lease. This is a friendly reminder that subletting is a violation of your lease and could jeopardize your continued residency in The Villages.

Please come by the office to pick up an application for your housemates over the age of 18 who are not on the lease. The office is open Monday through Saturday 8:30 - 5:00 and Tuesdays and Thursdays until 7:00. If you have any questions, please contact us at 415-834-0211.

THE RAINS ARE COMING

As the summer comes to an end and we enjoy the final days of Indian summer, we turn our attention to preparing for the coming winter. Our winters on the island are characterized by driving rain and wind. These elements create maintenance challenges that are best addressed proactively. We ask all residents to prepare for the winter by inspecting your home's exterior and reporting maintenance issues to the Villages at Treasure Island. Things to inspect and repair include exterior doors and windows. This is a good time to test your heating system and report any problems. Also, it is important to remove cardboard and move items away from the buildings to prevent rain from entering the buildings. These simple steps go a long way in preventing big problems later in the year.

PROTECT YOUR HOME

Take the following precautions to protect your home and enjoy peace of mind while on vacation:

1. Stop all mail and newspaper delivery or ask a neighbor or friend to collect these for you. Nothing says "I'm away" more than a pile of newspapers on your front porch.
2. Have a friend set out trash on normal garbage pick up days.
3. Let your neighbors and housing provider know where you can be reached in the event of an emergency.
4. Turn the ringers on your phone off. A phone that rings and rings is another indicator that no one is home.
5. Never program your answering machine to let callers know you are away.
6. Avoid discussing your travel plans in public places.
7. Use luggage tags that can't easily be read. A stranger reading the address may take advantage of the situation.
8. If you leave a car at home, do not store it in the garage. Ask a friend or neighbor to move the car from time to time.
9. Leave blinds and shades in their normal positions.
10. If you can afford it, and if you don't want to be a bother to your friends or neighbors, consider hiring a house sitter for the duration of your holiday.
11. Before leaving, do one last walk around the house, ensuring all doors and windows are properly secured.
12. Finally, if you have an alarm system, do not forget to arm it.

Also, if you are interested in having an alarm system installed at your home, contact Rubrico Sanchez. Rubrico is with ADT. Often times ADT has promotional specials for island residents. His contact information is: (650) 290-4590 or rcsanchez@adt.com.

Protect your home.





November 7-9 2008
International Distance Triathlon
 1.5k, 50k, 10k

Sprint Distance Triathlon
 0.5k, 20k, 5k

The final stop on "The Haul to the Great Wall" Elite Series Championship will be at the San Francisco Triathlon at Treasure Island. Elite athletes from all over the world will be racing in San Francisco.

For more information, you can visit: <http://www.tricalifornia.com/index.cfm/SF2008-main.htm>

EVENTS: International Distance Triathlon
 1.5k Swim, 50k Bike, 10k Run

Sprint Distance Triathlon
 0.5k Swim, 20k Bike, 5k Run

WHEN: Friday, November 7, 2008 - Noon - 7:00 pm
 Saturday, November 8, 2007 - 7:15 am - 5:00 pm
 Sunday, November 9, 2007 - 7:15 am - Noon

WHERE: Treasure Island, San Francisco Bay with incredible views of San Francisco and Oakland skylines.

The Official Charity of the San Francisco Triathlon at Treasure Island is the Challenged Athletes Foundation. In addition support is donated to the Golden Gate Triathlon Club and Team In Training.

The San Francisco Triathlon at Treasure Island is an official destination of The Leukemia & Lymphoma Society's Team In Training program. For more information on your participation in Team In Training and the San Francisco Triathlon at Treasure Island, please go to the national website <http://www.teamintaining.org>.



FLEET WEEK

Fleet Week, SAN FRANCISCO 2008

When: October 9—14, 2007
Where: San Francisco Water Front

As Treasure Island is a premier location to view Fleet Week activities, we understand that our residents may invite guests to the island. We ask you to be mindful of parking and for all to conduct themselves in a matter which is respectful.

For more information and ticket sales, please go to the official website at <http://www.fleetweek.us/fleetweek/>





SAN FRANCISCO PLANNING DEPARTMENT

To: Treasure Island Development Authority
 From: John Rahaim, Planning Director, (415) 558-6411
 Contact Person: Andrea Contreras, Planning Department, (415) 575-9044
 Date: Friday, September 26, 2008

1650 Mission St.
 Suite 400
 San Francisco,
 CA 94103-2479

Win a \$50 Pre-Paid Parking Meter Card or a \$45 MUNI Fast Pass

The City and County of San Francisco is about to mail hundreds of Travel Behavior Surveys to Treasure Island and Yerba Buena Island residents and workers. Your valuable opinion is needed to help the City of San Francisco improve how we study transportation and plan for your future needs. Please take a few minutes to complete a brief survey about how you travel to, from, and around the Islands. Your information will remain absolutely private, and we do not ask for names.

The short survey asks for information on how you get to work or school (car or bus), and if you make other trips along the way, like the grocery store or day care. After you get the survey in the mail, please send it back to us within 10 days in order to be eligible for a free parking card or Muni Fast Pass.

The data we gather will be used in our traffic studies, in developing new transportation systems and services, and in our planning efforts for the downtown, Treasure Island, and the South of Market Area. This same survey will be done later in the year in other areas of the City. Thank you in advance for your participation. We look forward to putting your feedback to good use!

www.sfplanning.org

Reception:
415.558.6378

Fax:
415.558.6409

Planning
 Information:
415.558.6377



THE 29TH ANNUAL EXOTIC EROTIC BALL

Exotic Erotic Ball Moves to San Francisco's Treasure Island -
 Two-day Expo and Giant Masquerade to Celebrate 29th Year at New, Beautiful Bay-side Venue.

It all begins with the Exotic Erotic Expo, which opens at 2PM on Friday October 24th, and it all ends with the Ball on Saturday Nite, October 25th.

For more information, please go to <http://www.exoticeroticball.com/>

2hip 25 YEAR ANNIVERSARY MEET THE STREET

OCTOBER 11-12, 2008
 TREASURE ISLAND, SAN FRANCISCO BAY

Recognition and Prizes for 'great' class- \$40
 Recognition and \$5000 purse for 'really great' class- \$80
 Signup by email -info@2hip.com or phone 831.426.4343

End of California Ave and follow to the water.

For more information, please go to <http://www.2hip.com/news.html>



SCHEDULE OF EVENTS

- Oct 8—TIDA Board Meeting, 1:30 P.M., City Hall, Rm. 400
- Oct 13—Columbus Day
- Oct 14—Island Watch Meeting, 6:30 P.M., Catholic Charities Bungalow, 810 Avenue D
- Oct 15—Community Meeting, 6:30 P.M., Ship Shape Building
- Oct 21—RAB Meeting, 7:00 P.M., Casa de la Vista

October 2008

SUN	MON	TUE	WED	THU	FRI	SAT
			1	2	3	4
			Rent Due			
5	6	7	8 TIDA Board Meeting	9	10	11
12	13	14 Island Watch Meeting	15 Community Meeting	16	17	18
19	20	21 RAB Meeting	22	23	24	25
26	27	28	29	30	31	
					Happy Halloween	

SCHEDULE OF EVENTS

- Nov 11—Island Watch Meeting, 6:30 P.M., Catholic Charities Bungalow, 810 Avenue D
- Nov 12—TIDA Board Meeting, 1:30 P.M., City Hall, Rm. 400
- Nov 27—Happy Thanksgiving

November 2008

SUN	MON	TUE	WED	THU	FRI	SAT
						1 Rent Due
2 Daylight Savings End	3	4	5	6	7	8
9	10	11 Island Watch Meeting	12 TIDA Board Meeting	13	14	15
16	17	18	19	20	21	22
23/30	24	25	26	27 Happy Thanksgiving	28	29

December 2008

SUN MON TUE WED THU FRI SAT

1 2 3 4 5 6

Rent Due

7 8 9 10 11 12 13
Island Watch Meeting TIDA Meeting Good Neighbors Meeting

14 15 16 17 18 19 20
RAB Meeting Community Meeting

21 22 23 24 25 26 27

28 29 30 31



SCHEDULE OF EVENTS

- Dec 9—Island Watch Meeting, 6:30 P.M., Catholic Charities Bungalow, 810 Avenue D
- Dec 10—TIDA Board Meeting, 1:30 P.M., City Hall, Rm. 400
- Dec 13—Quarterly General Good Neighbors Meeting, 11 A.M., Ship Shape Building
- Dec 16—RAB Meeting, 7:00 P.M., Casa de la Vista
- Dec 17—Community Meeting, 6:30 P.M., Ship Shape Building

NUMBERS TO REMEMBER

Treasure Island Development Authority

(415) 274-0660
(415) 274-0299

Treasure Island Homeless Development Initiative

(415) 274-0311

Island Bay Homes / Treasure Island Supportive Housing / Haight Ashbury Free Clinics

(415) 391-2404

Community Housing Partnership

(415) 743-0017

The Villages at Treasure Island

(415) 834-0211
Fax (415) 834-0210
Emergency After Hours (415) 445-2184

Fire Department

Emergency 911
Non-Emergency (415) 558-3248

Police Department

Emergency 911
Cell phone (Emergency) (415) 553-8090
Non-Emergency (415) 553-0123

Good Neighbors

(415) 520-6653

Airport Service (Super Shuttle)

(800) 258-3826

Boys & Girls Club of America—Treasure Island

(415) 362-1383

Kidango

(415) 834-0602

Cook's Cafe

(415) 705-1860

MUNI

(415) 673-6864

Taxi Services:

DeSoto—(415) 970-1300
Luxor—(415) 282-4141
National—(415) 648-4444
Yellow Cab—(415) 626-2345

For all other City Services or if you need assistance, please dial 311



Written By: Jana O'Sullivan

Janna O'Sullivan, Treasure Island Resident writes:

This year I'm walking in the Alzheimer's Association Memory Walk® to show my support for the estimated 5 million Americans living with Alzheimer's disease. Will you join me? Since 1989, Memory Walk has raised \$230 million for Alzheimer care, support and research. By teaming up with others, I'm hoping to do my part to fight this deadly disease. Funds raised through Memory Walk go toward research to treat and prevent Alzheimer's, and programs to improve the lives of millions of Americans already affected. I know we can make a difference together! To join my team, visit the link below. Memory Walk is nationally presented by Genworth Financial. Visit my personal web page and help me in my efforts to support Alzheimer's Association Northern California and Northern Nevada

Where: San Francisco, CA
Treasure Island

When: October 11, 2008 - 9:30 a.m.

Length: 3 mile route and a 1.5 mile shortcut

Details: Join us for another great day on the Bay!

<https://www.kintera.org/faf/donorReg/donorPledge.asp?event=257382&supid=229159694>

COMMUNITY FEEDBACK PILOT STUDY

Due to the large number of complaints received about the recent Oracle party on Treasure Island, and other quality of life issues, Good Neighbors of Treasure Island/Yerba Buena Island is fast-tracking their "Community Feedback" pilot study.

There are many agencies and organizations on or which affect the Islands. In order to create a paper trail and reduce on the "hear say" part of complaints, we have created an on-line Community Feedback Form which you can access by going to www.TreasureIslandOnline.Net. There you can file reports regarding noise, trash problems, street lights, wild animals, pets, etc. This will make it possible to track complaints and forward them to the appropriate agency. You have the option of remaining anonymous, or to include your email address so a copy of your report will be mailed to you for your records.

The form will be forwarded to Marianne Thompson of the Treasure Island Development Authority who will follow-up with the responsible agency. The information gathered from the reports will be used to address both general and specific problems on the Island.

Please note that this is a "secondary" system. You will first need to contact the proper agency (your leasing office, the police, Animal Care & Control, 311, etc) to make a formal complaint or request.

A copy will also be sent to Good Neighbors of TI/YBI as a backup.

Many cities have similar such reporting tools so we are not re-inventing the wheel here. We are hoping that by having a central mechanism to collect incidents we can hold the various groups, individuals, and agencies accountable for issues concerning them. For those who do not have access to the Internet, a form will be mailed to all residents so they can submit paper reports.

This Pilot Study will be in operation from 10/1/2008 to 12/1/2008, at which point Good Neighbors and TIDA will evaluate the program.

Questions? Write to good_neighbors@comcast.net or call 415-520-6653.

Community Feedback Form
Pilot Study

\$5,000 REWARD

The Humane Society of the United States (HSUS) offers a reward of up to \$5,000 for information leading to the arrest and conviction of anyone involved in dog fighting or cockfighting. If you have information about illegal animal fighting, you are eligible for this reward. Here are the steps to take:

Call your local police department or animal control agency. Give them as many details as you can about the suspected animal fighting situation. You do not need to give your name to law enforcement to report illegal animal fighting. Tell the law enforcement agency about The HSUS's reward program.

Get a letter from law enforcement. If the suspected animal fighter is convicted, ask the law enforcement agency involved in the case to write a letter to The HSUS. The letter should state that your tip helped lead to the arrest and prosecution of the convicted animal fighter. The letter should be mailed or faxed to:

Animal Fighting Reward Program
c/o Ann Chynoweth
The Humane Society of the United States
2100 L St. NW
Washington, DC 20037
FAX: 301-721-6414

Call The HSUS for more information. If you have questions about the reward program, please call us at 202-452-1100 or go to humanesociety.org



Spread the Word!

Order our Animal Fighting Reward posters and display them prominently throughout your community or wherever you suspect illegal dog fighting is occurring. To order your free action pack of dog fighting reward posters and stickers, send an email to officeservices@humanesociety.org.

Additionally, The HSUS offers rewards in specific animal cruelty cases, at the request of local law enforcement, to assist in apprehending perpetrators. If you have information about any of the cases below, please contact the local law enforcement agency listed in the case descriptions. You can also contact The HSUS's Media Relations Department at 202-452-1100.

Note: In order to qualify for the Rewards program, this must be an open case. Additionally, law enforcement officers (including ACOs and Humane Officers) are not eligible for the HSUS Rewards program.

YMCA NEW SCHEDULE OF ACTIVITIES AND PROGRAMS

Kenpo – Martial Arts Training:

- * Open to all ages
- * Every Tuesday night 6:00 pm – 7:30 pm
- * Begins Tuesday September 30, 2008

Pilates – Core Strength Training:

- * Open to ages 16 and up
- * Every Friday 6:00 pm – 7:00 pm
- * New class schedule starts Friday October 3, 2008

Hip-Hop/Dance:

- * Open to all ages
- * Every Wednesday night 6:30 pm – 7:30 pm
- * New class schedule starts Wednesday October 1, 2008

Parents Night Out:

- * Open for children ages 8 and up
- * The first Friday of every month – 6:00 pm – 9:00 pm
- * Begins Friday October 3, 2008
- * Parents can drop their children off for fun and games while the parents go out

Youth Basketball:

- * Open to children ages 9 and up
- * Every Tuesday & Wednesday night 6:00 pm – 8:00 pm

Friday Night Family Activities

- * Open to all families
- * The second Friday of every month – 6:00 pm – 8:00 pm
- * Begins Friday October 10, 2008

Aikido/Self Defense Training:

- * Open to all ages
- * Every Thursday night 6:00 pm – 7:30 pm
- * Begins Thursday October 2, 2008

Walk for Life – Cardio Training for a Healthier Life

- * Open to all ages
- * Every Thursday night 6:00 pm – 7:00 pm
- * Begins Thursday October 2, 2008

Racquetball Club:

- * Open to ages 18 and up
- * Every Saturday 1:00 pm – 2:00 pm (Class time subject to change)
- * Begins Saturday October 4, 2008

If you have any questions about the activities & programs that are offered at our facilities please feel free to contact me:

Neal Sedgwick
Facility Coordinator – Treasure Island YMCA
415-765-9037
ksedgwick@ymcasf.org



MILL VALLEY PHILHARMONIC

PRESENTS

The Works Progress Administration: Orchestral Music and Art of the 1930s

SPONSORED BY TREASURE ISLAND DEVELOPMENT AUTHORITY

CELEBRATE THE 75TH ANNIVERSARY OF THE SIGNING OF THE NEW DEAL
AND THE HISTORY OF YOUR OWN COMMUNITY BY ATTENDING A

FREE CONCERT

ORCHESTRAL MUSIC AND A DRAMATIC NARRATION IN A WPA BUILDING.

PROGRAM: AARON COPLAND – *FANFARE FOR THE COMMON MAN* • SAMUEL BARBER –
ADAGIO FOR STRINGS • GEORGE FREDERICK MCKAY – *FROM A MOONLIT CEREMONY* •
ERNST BACON – *SYMPHONY NO. 2, AMERICANA* • WITH LIAM VINCENT, NARRATOR

NOVEMBER 1ST 2:00PM
BUILDING 1, TREASURE ISLAND
410 AVENUE OF THE PALMS

MILLVALLEYPHILHARMONIC.ORG * 415-383-0930
LAURIE COHEN, MUSIC DIRECTOR

RACCOON MYTHS AND FACTS

Written by: Animal Care & Control

Myth: If you see a raccoon during daylight hours, it must be sick or have rabies.

Fact: Raccoons are intelligent and opportunistic animals. They will forage during the day if there are food and water resources available to them.

There has not been a case of rabies in mammals - other than bats - in San Francisco for 100 years.

Myth: If a raccoon stops to look at me, comes towards me or follows me it is acting aggressively.

Fact: Raccoons are curious by nature and will observe humans - and look for handouts. This is not aggressive behavior. If threatened or cornered, raccoons will defend themselves aggressively.

There have been over 2000 reported cat and dog bites to humans in San Francisco over the past five years. There are no reported raccoon bites to humans.

Myth: Raccoons will attack and kill cats.

Fact: Raccoons will only act aggressively toward a cat if it is threatened. Raccoons are omnivorous and will eat whatever they can find. They will hunt rodents and birds for food.

Myth: Raccoons are overrunning our neighborhood.

Fact: Raccoons are most visible during the late spring and throughout the summer as they forage for food to sustain them through the fall and winter. During this time, there will be more raccoon activity and people may see them during daylight hours. This is normal behavior.

The simplest way to avoid problems with raccoons making a mess is to control garbage and eliminate trash as a food source. Make sure trash is contained within the can - push it down if necessary. Don't let garbage overflow.

Secure cans with bungee cords - some cans have these already built in.

Coexisting with wildlife is important. Wild animals are present for a reason and are an important part of a healthy ecosystem. Wild animals living in San Francisco have acclimated to our urban environment and have become familiar with our human habits. Urbanized wildlife may act differently than how we assume wild animals should act.

Trapping and relocating wildlife - including raccoons - is prohibited by the Department of Fish and Game. Shooting wildlife is a felony offense punishable by a \$1000 fine and up to a year in jail.

If you see a sick or injured animal, or an animal that is truly acting aggressively, please call Animal Care & Control at (415) 554-9400.



SAN FRANCISCO

FAMILY FESTIVAL

For the fourth year, the San Francisco Department of Children, Youth & Their Families is coordinating Family Festival, presented by the San Francisco Examiner.

Saturday • October 18
11:00 am to 3:00 pm
Yerba Buena Gardens

This celebration features live entertainment, carousel rides, jump houses, and a climbing wall; roving balloon artists, clowns, and stilt walkers; activities for children of all ages; and a Resource Fair of more than 100 Exhibitors.

THE FREE TREASURE ISLAND FALL FESTIVAL



Celebrating a Decade of Unity !!

The Great Lawn on Palm Ave,
Treasure Island, San Francisco, CA 94130



FLINK-I-SOUL

LIVE MUSIC • DANCING • FOOD • FUN ACTIVITIES • CRAFT BOOTHS
AND
MUCH MORE!!!

FOR MORE INFO CALL 415-274-0311

SPONSORED BY

Boys and Girls Club of San Francisco, Catholic Charities CYO,
Community Housing Partnership, Delancey Street/Life Learning Academy, Golden Gate Disposal & Recycling Co.,
Good Neighbors, Haight Ashbury Free Clinics, Island Creative, John Stewart Company's 11 Villages, Kaulango,
Rubicon Programs, SF Fire Dept., SF Gaelic Athletic Association, SF GO Rugby Fdn., SF Police Dept.,
Swords-to-Plowshares, The Community Arts & Education Program of the San Francisco Arts Commission,
Toolworks, TI Community Development, TI Development Authority,
TI Enterprise/Marina, TI Homeless Development Initiative, TI Job Corps,
Walden House, Wine Valley Catering, YMCA-TI



FREE CLASSES!!!

START YOUR OWN BUSINESS !!!



STARTING OCT 6
every Monday till Nov 3
followed by Advanced
Classes
6 to 8 pm
@ Shipshape

STRUCTURE

- Oct 6 - Analyze your business Idea
 - Oct 13 - Marketing
 - Oct 20 - Finance
 - Oct 27 - Management
 - Nov 3 - GRADUATION
 - Nov 10 - Advanced Business class I
 - Nov 17 - Advanced Business class II
-
- Business feasibility assessment
consultation provided after that

Learn all about starting/improving your business and talk to Like Minded people right here on the island

CLASSES CONDUCTED BY :

Monika Hudson, Former director of Bay View Business Resource Center, A Business consultant and owner

Register Today! 415 986 4810 or email pjoshi@tihdi.org, smorris@tihdi.org

SAN FRANCISCO, CALIFORNIA

TREASURE ISLAND

Community Resources

Calendar • Food • Google Map • History • Community Safety
TI Related Organizations • TI/YBI Law Enforcement • Transportation

www.TreasureIslandOnline.net

Get involved with your community!

The community meeting occurs the
third Wednesday of each month at the
Ship Shape building (beside the Gym)
starting 7:00 p.m.

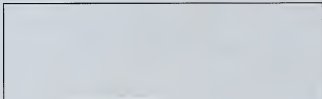


Please send your comments or questions to:

Mark@treasureislandonline.net

Treasure Island Development Authority
Treasure Island Homeless Development Initiative
Treasure Island Villages
410 Palm Avenue
Building 1
San Francisco, CA 94130

STAMP



Proposed Plan/Draft Remedial Action Plan for Site 30, Daycare Center Naval Station Treasure Island

INTRODUCTION

The Department of the Navy (The Navy) is responsible for cleaning up contamination that may have resulted from historical operations at Naval Station Treasure Island (NAVSTA TI) (Figure 1). Under the **Installation Restoration (IR)** Program, the Navy conducted environmental investigations at Site 30, a parcel of property that includes a child-care facility. The investigations were conducted in cooperation with the California Environmental Protection Agency (Cal/EPA) Department of Toxic Substances Control (DTSC), the Cal/EPA Regional Water Quality Control Board (Water Board), the U.S. Environmental Protection Agency (EPA) and the Treasure Island Development Authority (TIDA).

This **Proposed Plan/Draft Remedial Action Plan (RAP)** for remedial action provides information on the environmental investigations, the remedial alternatives (the options for cleaning up the site) that were evaluated, and identifies the Navy's preferred remedial alternative. The preferred alternative is engineering controls combined with **institutional controls**, which is the most cost effective alternative that will provide adequate protection to human health and the environment. This Proposed Plan/Draft RAP meets requirements of the National Contingency Plan (NCP), which is a part of the **Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA)**, and the California Health and Safety Code (HSC), chapter 6.8.

INVITATION TO COMMENT

The Navy invites you to participate by submitting comments on the Proposed Plan/Draft RAP for remedial action for Site 30. This Proposed Plan/Draft RAP is being issued pursuant to the NCP as found in CERCLA and the HSC to ensure that the public has an opportunity to provide comments to fulfill public participation requirements.

You are also invited to attend a public meeting scheduled on October 7, 2008 at 7:00 p.m. at the Casa de la Vista, Building 271, on Treasure Island to discuss this Proposed Plan/Draft RAP. The 30-day public comment period will be from September 23 to October 23, 2008. This Proposed Plan/Draft RAP highlights information from the final **Feasibility Study** report for Site 30. For a detailed review, the final Feasibility Study report is available to the public at the San Francisco Public Library information repository, and at the Treasure Island Building 1 information repository, see page 9 for information.

*Note: Specialized or technical terms are highlighted in **Bold** the first time they appear and are defined in the glossary on page 10.*

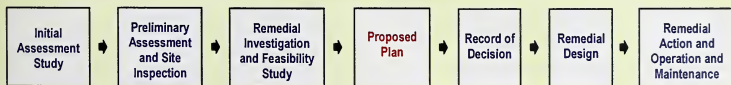
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Figure 1: Treasure Island Location

THE CERCLA PROCESS



SITE BACKGROUND

Treasure Island was constructed from San Francisco Bay fill in the 1930s for use during the World Exposition in 1939. Navy operations at the island began in 1941, primarily for training, administration, housing, and other support services to the U.S. Pacific Fleet. In 1993, the Defense Base Realignment and Closure (BRAC) Commission recommended closure of NAVSTA TI; the facility was subsequently closed on September 30, 1997.

Site 30 is located in the central portion of NAVSTA TI, (see Figure 2 below). Site 30 was undeveloped until 1985, when Building 502 was built on a portion of the parcel for use as a child-care facility (see Figure 3). The child-care facility in Building 502 was operated by the Navy until NAVSTA TI closed in 1997. After the station closed, the property was leased to the city of San Francisco on July 29, 1997. The Treasure Island Homeless Development Initiative renovated the facility and it was reopened as a daycare center on March 17, 2003.

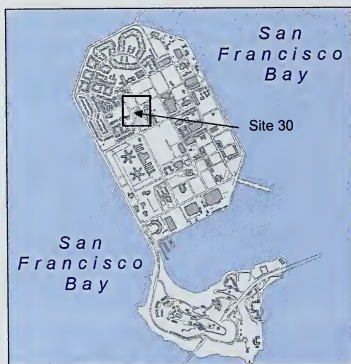


Figure 2: Site 30 Location

NATURE AND EXTENT OF CONTAMINATION

The Navy began investigating Site 30 in 2002 after a utility map was found that identified an old "trash dump" near a utility line along 11th Street. Investigations conducted at the site include the following:

- 2002 – Trench Investigation Sampling
- 2002/2003 – Time-Critical Removal Action
- 2004 – Groundwater Investigation
- 2006 – Final Remedial Investigation Report and Feasibility Study

Environmental data collected between 2002 and 2004 were used to assess the extent of impacts to the soil and **groundwater** and to evaluate potential **risks** to human health and the environment.

In 2002, the Navy conducted a trenching investigation to identify the extent of the "trash dump." The trash dump consisted of buried debris and burned materials. Based on results of soil investigation at the site, the Navy conducted a time-critical removal action. Approximately 200 cubic yards of affected soil and debris that was not covered by roadway or sidewalks was removed. Additionally, a concrete/asphalt pad (i.e., Site 30 Concrete Pad) was installed to cover affected soil adjacent to Building 502. A groundwater investigation followed in 2004 to assess the impacts to shallow groundwater from chemicals detected in the soil at Site 30.

The results of the investigations concluded that soil was the only contaminated medium at Site 30. The only **chemicals of concern** in soil at Site 30 are dioxins. (See text box "What are the "Chemicals of Concern"").

The extent of dioxin in soil was evaluated by collecting soil samples from areas where contamination was likely to be present, specifically, in areas containing burnt debris. Burnt debris was found in two investigation trenches adjacent to Building 502, in the area now covered by the concrete pad (see Figure 3). Samples from these two trenches had elevated concentrations of dioxins. However, the exploratory trenching did not extend under the building for fear of undermining the building. Therefore, the full extent of dioxin beneath the building is unknown. The concrete pad was added as a precautionary measure to prevent exposure to the soil by children at the daycare center. A risk assessment later determined that the dioxins in soil did not present a risk to the children, as discussed in the next section.

SUMMARY OF SITE RISKS

As part of the Remedial Investigation, a quantitative baseline **human health risk assessment (HHRA)** was completed to assess the potential adverse human health effects from exposure to chemicals at the site. The HHRA for Site 30 is summarized below.

Risks to ecological receptors, including birds and animals likely to be found at the site, were evaluated in the *Final Screening-Level Ecological Risk Assessment for Sites 6, 12, 21, 24, 30, 31, and 32*, March 2007.

Human Health Risk Assessment

The HHRA considered the existing and planned future use of Building 502 as a daycare center, including the following potential **receptors**: day care center children and staff, and construction workers. The HHRA also

considered hypothetical alternate site uses, including commercial/ industrial and residential uses.

Estimated excess cancer risk for a daycare center child and construction worker was below the levels the EPA considers safe. These results indicate that the site does not pose an **unacceptable risk** to these receptors. Estimated excess cancer risk for a hypothetical future commercial/ industrial worker, and child/adult resident were within EPA's **risk management range**. The risk management range was established by EPA to set guidelines for making risk management decisions. That is, information from the risk assessment along with other information such as economic or legal concerns, is used to reach decisions regarding the need for and practicability of site cleanup actions.

Noncancer hazards (the likelihood of illness or injury other than cancer) was also evaluated for all receptors. The noncancer hazards did not exceed the level the EPA considers safe. Since the soils beneath Building 502 are uninvestigated and the dioxin hotspots beneath the Site 30 Concrete Pad remain in place, a potential health concern exists from dioxins for future residential and/or commercial/industrial users.

Ecological Risk

A Tier 1 screening-level **ecological risk assessment (ERA)** evaluated the potential for terrestrial receptors to be exposed to soil at IR Sites 6, 12, 21, 24, 30, 31, 32, and 33 at NAVSTA TI. The draft screening-level ERA did not identify any ecological resources at Treasure Island that need to be protected. Based on the overall poor quality of the habitat on Treasure Island, the Navy does not recommend further evaluation of ecological risk for these sites. Potential impacts to marine receptors in San Francisco Bay were evaluated for chemicals detected in groundwater at the site. This evaluation determined that the groundwater was not a potential risk to the marine receptors.

REMEDIAL ACTION OBJECTIVES

Remedial action objectives (RAOs) are developed to identify and screen remedial action alternatives that protect human health and the environment and are consistent with reasonably anticipated land use. The Navy does not anticipate changing the current land use (daycare center) for Site 30. Residential-use scenarios, however, were considered in developing the RAOs to assess cleanup alternatives that would result in unrestricted land use.

Based on the potential for receptors to be exposed to dioxin-contaminated soil beneath Building 502 and the Site 30 Concrete Pad in the commercial/industrial and residential reuse scenarios, the following RAOs were developed for Site 30:

- To protect future commercial/industrial and residential receptors by preventing the ingestion of and direct contact with soil containing unknown concentrations of dioxin beneath Building 502 and known concentrations under the Site 30 Concrete Pad.
- To protect current daycare center receptors by preventing the ingestion of, and direct contact with, soil containing unknown concentrations of dioxins beneath Building 502.

WHAT ARE THE "CHEMICALS OF CONCERN"

The Navy, in cooperation with DTSC and the Water Board, has identified dioxins as the contaminants that pose potential risk to human health at Site 30.

Dioxins: Dioxins are a group of chlorinated hydrocarbons that form as by-products of a variety of chemical reactions and combustion processes. The most common health effect from dioxin exposure in humans is a skin condition called *chloracne*. Other effects of exposure to large amounts of dioxin include skin rashes, skin discoloration, excessive body hair, and possibly mild liver damage.

Several studies suggest that workers exposed to high levels of dioxins at their workplace over many years have an increased risk of cancer. Animal studies have also shown an increased risk of cancer from long-term exposure to dioxins. Also, based on data from animal studies, there is some concern that exposure to low levels of dioxins over long periods (or high level exposures at sensitive times) might result in reproductive or developmental effects.

SUMMARY OF REMEDIAL ALTERNATIVES

The Feasibility Study identified three alternative actions that can prevent or minimize human exposure to contaminants at levels that may result in a future health concern.

Summary of Remedial Alternatives - Site 30

Feasibility Study Designation	Description
1	No Action
2	Engineering Controls Combined with Institutional Controls
3	Building Demolition, Excavation, Off-Site Disposal at Permitted Landfill

Alternative 2 is identified in this proposed plan as the preferred alternative. Each of the alternatives and their estimated costs are described below.



Alternative 1: No Action Alternative

Estimated Present Worth Cost:..... \$0

Alternative 1 provides a baseline used to compare the other alternatives. Under this alternative, no action would be taken to alter the current situation, and no land use restrictions would be put in place. Existing actions such as restricted access or property maintenance would, however, continue under this alternative. Under the no action alternative, no additional remedial or monitoring activities at Site 30 would be conducted. There are no costs associated with the no action alternative.

Alternative 2: Engineering Controls Combined with Institutional Controls

Estimated Present Worth Cost:..... \$782,000

Alternative 2 uses engineering controls combined with institutional controls to prevent exposure to potentially contaminated soils beneath Building 502 and impacted soils beneath Site 30 Concrete Pad. Engineering controls consist of maintaining the building foundation slab to prevent contact with potential dioxin contamination beneath the slab. An example of an institutional control is a deed notice to notify the public of potential contamination and restrict actions that may disturb affected soil. Institutional controls generally do not involve active cleanup of contaminated media at sites, but can minimize or prevent exposure to contaminants in soil or groundwater. Institutional controls may limit human exposure to potentially contaminated soil by preventing changes or alterations to the building foundation.

The results of the risk assessment indicate that there are no unacceptable risks to human health due to site contaminants for the current and planned future use of Building 502 as a daycare center, even if the Site 30 Concrete Pad is removed. Since the nature and extent of dioxin in soil beneath Building 502 has not been characterized, there is a need to prevent exposure to potentially contaminated soils beneath Building 502. Under Alternative 2, the existing daycare center building slab would be maintained as an exposure prevention barrier. The existing slab is not likely to require maintenance to continue serving as an exposure prevention barrier; however, periodic inspections would be required to verify its integrity.

The Site 30 Concrete Pad adjacent to Building 502 would not be maintained as an engineering control, because contaminants beneath the pad do not pose a risk to current use of the site as a daycare center. Institutional controls would be implemented to address risk from soil beneath the pad to potential future industrial/commercial or residential users.

Alternative 2 would use institutional controls to restrict any removal or penetration of the Building 502 slab, except when following specific guidelines to prevent exposure to potentially contaminated soil. If utility repairs (such as water or sewer repairs) are required, measures would be implemented to prevent exposure of the occupants and workers to potentially contaminated soil. Institutional controls would include:

- A "Covenant to Restrict Use of Property, Environmental Restriction" to (1) prohibit any removal of the Building 502 slab, (2) require periodic inspection of the Building 502 and reporting of the inspection results (3) provisions for making utility repairs, as necessary, (4) require remedial investigation and any necessary remediation beneath Building 502 upon building demolition and removal.
- A Deed Notice to notify the public of the existence of potential contamination.
- A Remedial Action Work Plan (RAWP) to specify the roles and responsibilities for implementing, monitoring, and enforcing the institutional controls.

Alternative 3 – Building Demolition, Excavation, and Off-Site Disposal at a Permitted Landfill

Estimated Present Worth Cost: \$2,086,000

Alternative 3 is an active remediation alternative that meets the Department of Defense requirement to evaluate an alternative that would result in "unrestricted" use of the site. Alternative 3 would involve demolition of Building 502 and the associated slab for access to the soil beneath the building. Samples would be collected from that soil to determine the nature and extent of contamination. All contaminated soil identified within this area would be excavated and transported to a landfill for disposal. The excavation would then be backfilled with clean soil. Alternative 3 does not include the construction of a new daycare center.

EVALUATION OF ALTERNATIVES

The remedial action alternatives considered represent a range of distinct environmental restoration strategies that fulfill the RAOs associated with dioxin contamination in soil at Site 30. The alternatives were evaluated against the nine EPA criteria listed in the text box on Page 6.

These criteria are used to evaluate the cleanup alternatives proposed for this site. The first seven criteria are discussed in the following alternative comparison. The last two criteria will be addressed through public comment and regulatory agency review periods. The final decision on the remedy for Site 30 will then be made by the Navy and DTSC after receiving and evaluating the public input.

EVALUATION CRITERIA FOR REMEDIAL ALTERNATIVES

Overall Protection of Human Health and the Environment determines whether an alternative eliminates, reduces, or controls threats to public health and the environment through institutional controls, engineering controls, or treatment.

Compliance with Applicable or Relevant and Appropriate Requirements evaluates whether the alternative meets Federal and State environmental statutes, regulations, and other requirements that pertain to the site.

Long-Term Effectiveness and Permanence considers the ability of an alternative to maintain protection of human health and the environment over time.

Reduction of Toxicity, Mobility, or Volume assesses the relative performance of recycling or treatment technologies on the toxicity, mobility or volume of contaminants.

Short-Term Effectiveness considers the length of time needed to implement an alternative and the risks the alternative poses to workers, residents, and the environment during implementation.

Implementability considers the technical and administrative feasibility of implementing the alternative, including factors such as the relative availability of goods and services.

Cost includes estimated capital and annual operations and maintenance costs, as well as present worth cost. Present worth cost is the total cost of an alternative over time in terms of today's dollar value. Cost estimates are expected to be accurate within a range of +50 to -30 percent.

Regulatory Acceptance considers whether the DTSC and other regulators agree with the Navy's analyses and recommendations, as described in the Remedial Investigation/Feasibility Study and Proposed Plan/Draft RAP.

Community Acceptance considers whether the local community agrees with Navy's analyses and preferred alternative. Comments received on the Proposed Plan/Draft RAP are an important indicator of community acceptance.

1. Overall Protection of Human Health and the Environment

All alternatives protect human health and the environment under the current and future use of the site as a daycare center. However, only Alternatives 2 and 3 are protective of human health under the hypothetical alternate land use scenarios (commercial/industrial or residential).

- Alternative 1 does not address potential dioxin contamination beneath and adjacent to Building 502 and it is not protective for the hypothetical alternate land use receptors.
- Alternative 2 uses engineering controls and institutional controls to prevent human exposure to contaminants by (1) requiring the existing building slab be preserved and periodically inspected, and (2) requiring any alternative future property reuse preserve the existing building slab and consider soil contamination beneath the Site 30 Concrete Pad.

- Alternative 3 would remove any contaminated soil, and thus the source of potential human health risk. Alternative 3 would also allow for future unrestricted use of the site without any further land use restrictions.

2. Compliance with Applicable or Relevant and Appropriate Requirements

Applicable or Relevant and Appropriate Requirements (ARARs) are Federal or more stringent State environmental standards, requirements, criteria, or limitations that need to be attained by final remedial actions. *Applicable* requirements are cleanup standards or other substantive requirements under laws that specifically address the situation at a CERCLA site. *Relevant and appropriate* requirements are environmental regulations that, although not applicable, address problems or situations sufficiently similar and are well suited to the conditions at a site.

- There are no ARARs applicable to Alternative 1.
- Alternatives 2 and 3 are expected to meet the chemical-specific and potential action-specific ARARs identified in the Feasibility Study Report.

3. Long-Term Effectiveness and Permanence

Any residual risks remaining after implementation of Alternatives 1 and 2 would be the same. The site would be safe for humans and the environment for the current and future use of the site as a daycare center. Potential risks may exist from direct contact with and ingestion of potentially contaminated soil beneath the existing building slab if it is penetrated.

- Alternative 1 provides no protection from these potential risks.
- Alternative 2 provides an adequate level of long-term effectiveness and permanence for both its current use as a daycare center and the hypothetical alternate land use scenarios by requiring that the integrity of the building slab be monitored and reported and contamination beneath the Site 30 Concrete Pad be considered regarding future development of the site.
- Alternative 3 provides a higher level of long-term effectiveness and permanence than Alternative 2 as any soil contamination under the building slab would be removed and disposed of off-site at a permitted landfill.

4. Reduction of Toxicity, Mobility, and Volume

None of the alternatives would reduce the mobility, toxicity, or volume of potential contamination through treatment.

- Alternatives 1 and 2 do not involve active treatment of potential contamination, or reduce its toxicity, mobility, or volume.
- Alternative 3 would identify and remove any contaminated soil from Site 30 and, therefore, reduce the toxicity and volume of contaminated soil at the site. Placing the soil in an approved landfill would reduce the mobility of contaminants in the environment.

5. Short-Term Effectiveness

Alternatives 1 and 2 will not pose a risk to the community or the environment in the short term, since no active treatment will be conducted.

- Alternatives 1 and 2 are effective in the short term, because Site 30 poses no unacceptable risk for the current and anticipated future use of the site as a day care center.
- Alternative 2 is more effective than Alternative 1, because institutional controls would prevent exposure to unknown dioxin concentrations beneath the building slab and Site 30 Concrete Pad.
- Alternative 3 could introduce some risk to the community during remedial construction work due to truck traffic. These risks, however, could be managed by implementing good safety measures such as traffic control. Although the risk assessment indicates there is no excess risk for construction workers from contaminants at the site, any construction or demolition poses some risk for workers. These construction-related risks can be managed by implementing good safety practices. Alternative 3 field work is estimated to take six weeks to complete.

6. Implementability

All of the alternatives are technically feasible and are considered to be equally implementable.

- Alternative 1 does not require any action.
- Alternatives 2 and 3 are proven technologies, and it is unlikely technical or administrative issues would delay implementing either of these alternatives. The materials and services necessary to implement Alternative 3 are available locally.

7. Cost

Cost estimates are as follows:

- No costs are associated with Alternative 1.
- Alternative 2 would be \$782,000.
- Alternative 3 has the highest overall costs (over \$2,086,000), which is about 2.7 times the cost of Alternative 2. The cost of Alternative 3 does not include the construction of a new daycare center.

8. Regulatory Acceptance

Regulatory acceptance of the Navy's preferred alternative will be addressed through meetings, response to comments, and approval on the PP, **Record of Decision (ROD)** and RAP.

9. Community Acceptance

Community acceptance of the preferred alternative will be evaluated after the public comment period and will be described in the ROD and RAP for Site 30.

SUMMARY OF THE PREFERRED ALTERNATIVE

The Navy's preferred alternative is Alternative 2, engineering controls combined with institutional controls. Alternative 2 would prevent exposure to potentially contaminated soils beneath Building 502 and known contamination beneath the Site 30 Concrete Pad in both the short term and long term, and would allow Site 30 to be used in its current and future use as a daycare center, serving the community. Alternative 2 would provide the most cost-effective remedial alternative that is adequately protective of human health. Alternative 1 was rejected because it would provide a lower degree of protection to potential human receptors at the site. Alternative 3 was rejected because the higher cost associated with excavation and removal are not warranted since the building slab provides an adequate barrier between potential receptors and any contamination that may be present. Alternative 2 would require approximately one year for implementation, followed by long-term site monitoring.

MULTI-AGENCY PARTICIPATION

The BRAC Cleanup Team (BCT) is comprised of the Navy, EPA, and Cal/EPA. The primary goals of the BCT are:

- to protect human health and the environment,
- coordinate environmental investigations, and
- expedite the environmental cleanup at the facility.

The BCT reviewed all major documents and activities associated with Site 30 including the Feasibility Study. Based on these reviews and discussions on key documents, the BCT supports the Navy's recommendation for the preferred alternative at Site 30.

REGULATORY SUMMARY

California Health and Safety Code

This document is intended to meet the requirements of California HSC Section 25356.1 for hazardous substance release sites. The HSC requires preparation of a RAP for sites that are not listed on the **National Priority List (NPL)**, such as NAVSTA TI. Therefore, this document also serves as a Draft RAP in order to fulfill the public notice and comment requirements of the HSC. The final RAP will be incorporated in the ROD for this site.

California Environmental Quality Act

DTSC has prepared an Initial Study to evaluate the potential impact of the proposed project on the environment. The findings of the Initial Study indicate that the project would not have a significant effect on public health or the environment. Therefore, DTSC has prepared a proposed Negative Declaration for the Site 30 cleanup. Both the Initial Study and proposed Negative Declaration are available for review and comment during the public comment period.

Nonbinding Allocation of Responsibility

HSC Section 25356.1(e) requires DTSC to prepare a preliminary nonbinding allocation of responsibility among all identifiable potentially responsible parties. HSC Section 25356.3(a) allows potentially responsible parties with an aggregate allocation in excess of 50 percent to convene an arbitration proceeding by submitting to binding arbitration before an arbitration panel. Based on available information regarding the former NAVSTA TI, DTSC determines that the Navy is a responsible party with aggregate alleged liability in excess of 50 percent of the costs of removal and remedial action pursuant to HSC Section 25356.3. The Navy may convene arbitration if they so choose.

COMMUNITY PARTICIPATION

Community involvement is essential to selecting remedial alternatives. Input will be collected after the alternatives are presented to the public, and a final decision will be made after regulatory agencies and community input on the Proposed Plan/Draft RAP has been reviewed. The Navy will then issue a ROD and DTSC will approve the RAP to select the final remedy.

The public comment period on the Proposed Plan/Draft RAP and the proposed Negative Declaration begin on September 23, 2008 and ends on October 23, 2008. A public meeting will be held on October 7, 2008, so the public can discuss the Proposed Plan/Draft RAP and the proposed Negative Declaration with representatives from the Navy and DTSC. The Navy and DTSC invite you to comment on the results of environmental investigations at Site 30, this Proposed Plan/Draft RAP, and the proposed Negative Declaration.

THE NEXT STEP

The 30-day public comment period will end on October 23, 2008. After the comment period has ended, the Navy and DTSC will consider the comments received on this Proposed Plan/Draft RAP and the proposed Negative Declaration before making a final decision for Site 30. The final decision will be documented in a ROD, which will include the final RAP and responses to all comments received on this Proposed Plan/Draft RAP and the proposed Negative Declaration. A public notice will be placed in the San Francisco Chronicle announcing when the Site 30 ROD will become available to the public in the information repository at the San Francisco Public Library and at Treasure Island Building 1.

INFORMATION REPOSITORIES

The Proposed Plan/Draft RAP, the proposed Negative Declaration, and other Site 30 related documents are available at:

San Francisco Public Library
Government Publications Section
100 Larkin Street
San Francisco, California
(415) 557-4400

Navy BRAC Caretaker Support Office
410 Palm Avenue, Building 1, Room 161
Treasure Island
San Francisco, California
(415) 743-4704

OPPORTUNITIES FOR COMMUNITY INVOLVEMENT

Public Meeting, October 7, 2008, 7:00-8:00 p.m.

Location: Casa de la Vista, Building 271, Treasure Island

You are invited to this community meeting to discuss the information presented in this Proposed Plan/Draft RAP and the proposed Negative Declaration for Site 30. Navy representatives will provide information on the environmental investigations conducted for Site 30. You will have an opportunity to ask questions and formally comment on the Navy's and DTSC's preferred remedial alternative for Site 30 as presented in this Proposed Plan/Draft RAP and DTSC's proposed Negative Declaration.

Public Comment Period Continues through October 23, 2008

We encourage you to comment on this Proposed Plan/Draft RAP and the proposed Negative Declaration during the 30-day public comment period. You may provide comments on the Proposed Plan/Draft RAP and the proposed Negative Declaration orally at the public meeting or submit your comments in writing at or after the public meeting. You may mail or email written comments on this Proposed Plan/Draft RAP to the Navy contact person provided on page 11 postmarked no later than October 23, 2008. Similarly, you may mail or email written comments of the proposed Negative Declaration to the DTSC contact person identified on page 11 of this document with the same deadline. The Navy and DTSC will consider all public comments received during this comment period, or in person at the public meeting mentioned above, before making a final decision for Site 30.

GLOSSARY OF TERMS

Specialized terms used in this Proposed Plan/Draft RAP are defined below:

Applicable or Relevant and Appropriate Requirements (ARARs) – Federal or more stringent State environmental standards, requirements, criteria, or limitations that need to be attained by final remedial actions for a CERCLA site.

Chemical of Concern – Chemical identified as a potential risk during a site-specific human-health, or ecological risk assessment.

Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA or Superfund) – A Federal law that sets up a program to identify hazardous waste sites and establishes procedures for cleaning up those sites to protect human health and the environment.

Ecological Risk Assessment (ERA) – An analysis of the potential negative ecological effects to plants and animals caused by exposure to hazardous substances released from a site.

Exposure Pathway – The way that a chemical comes into contact with a living organism, such as touching, breathing, or ingesting.

Feasibility Study – A study that identifies and evaluates potential cleanup methods based on their effectiveness, availability, cost, and other factors.

Groundwater – Water below the ground surface in rock or sediment.

Hazard Index (HI) – A calculated value used to represent a potential noncancer health effect. An HI value of 1 or less is considered protective of human health.

Human Health Risk Assessment (HHRA) – An analysis of the potential negative human health effects caused by exposure to hazardous substances released from a site.

Installation Restoration (IR) Program – the program initiated by the Department of Defense, in compliance with CERCLA (see above), to identify, investigate, assess, characterize, clean up, or control past releases of hazardous substances.

Institutional Controls – Non-engineered mechanisms established to limit human exposure to contaminated waste, soil, or groundwater. These mechanisms may include deed restrictions, covenants, easements, laws, and regulations.

National Priority List (NPL) – The Federal list of Superfund sites nationwide. NPL sites are those considered high priority for cleanup under the Federal Superfund program. NAVSTA TI is not on the NPL list.

Proposed Plan – A document that reviews the cleanup alternatives, summarizes the Navy's recommended or preferred cleanup actions, explains the reasons for recommending them, and solicits comments from the community.

Receptors – Any organism (human, animal, or plant) that may be exposed to site contaminants.

Record of Decision (ROD) – a public document that specifies the final cleanup alternative for a site, based on information from the Remedial Investigation and Feasibility Study, and on public comments and concerns. Under Federal law (CERCLA), the decision document is called a ROD. Under State law, the document is called a Remedial Action Plan (RAP).

Remedial Action – CERCLA phase in which the selected cleanup technology is constructed, installed, implemented, and/or operated until confirmatory sampling and analysis indicate that cleanup levels have been reached.

Remedial Action Objective (RAO) – A description of remedial goals for each medium of concern at a site (for example, soil or groundwater), expressed in terms of the contaminants of concern, target cleanup levels, exposure pathways and receptors, and/or maximum acceptable exposure levels based on cumulative risks and hazards.

Remedial Action Plan (RAP) – A plan prepared for public review and comment that outlines a specific program leading to the remediation of a contaminated site. The RAP is required under California Health and Safety Code Section 25356.1 for sites that are not listed on the NPL.

Remedial Investigation – An investigation to identify nature and extent of potential contaminants at a site and assess human health and environmental risks and hazards that the chemicals may cause.

Risk – Likelihood or probability that a hazardous substance released to the environment will cause adverse effects on exposed human or other biological receptors. Risk calculations incorporate very conservative assumptions. Adverse health effects can be classified as carcinogenic (cancer-causing) or non-carcinogenic. Risk from cancer is expressed as a probability such as 1 in 1,000,000 (also expressed 1×10^{-6}). This means that one person in a population of 1,000,000 are more likely to get cancer over their lifetime. Non-cancer risk is expressed as a hazard Index (HI), see above.

Risk Management Range – The risk management range is considered to represent a risk between 1 in 10,000 and 1 in 1,000,000 (1×10^{-4} and 1×10^{-6}).

Tier 1 screening-level ecological risk assessment – An assessment of ecological risk based on published screening criteria.

Unacceptable Risk – A quantification of potential harm to humans, animals, or plants from exposure to contaminants at elevated levels. An unacceptable risk means there is a threat to human health or the environment and that a remedial action must be taken. Unacceptable risk is characterized by a site risk above 1 in 10,000 (1×10^{-4}).

MAILING COUPON

If you would like to be added to the Naval Station Treasure Island mailing list and receive copies of future newsletters and fact sheets, please fill out the coupon below and mail it to:

Mr. James Sullivan
Navy BRAC Program Management Office West
410 Palm Avenue
Building 1, Room 161
Treasure Island, San Francisco, CA 94130-1806

Name: _____

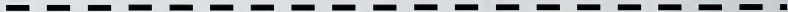
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Proposed Plan/Draft Remedial Action Plan for Site 31, Former South Storage Yard Naval Station Treasure Island

INTRODUCTION

The Department of the Navy (The Navy) is responsible for cleaning up contamination that may have resulted from historical operations at Naval Station Treasure Island (NAVSTA TI) (Figure 1). Under the **Installation Restoration (IR) Program** the Navy conducted environmental investigations at Site 31, the Former South Storage Yard. The investigations were conducted in cooperation with the California Environmental Protection Agency (Cal/EPA) Department of Toxic Substances Control (DTSC), the Cal/EPA Regional Water Quality Control Board (Water Board), the U.S. Environmental Protection Agency (EPA), and the Treasure Island Development Authority (TIDA).

This **Proposed Plan/Draft Remedial Action Plan (RAP)** for **remedial action** provides information on the environmental investigations, the remedial alternatives (the options for cleaning up the site) that were evaluated, and identifies the Navy's preferred remedial alternative, removal and off-site disposal of contaminated soil. This Proposed Plan/Draft RAP meets requirements under the National Contingency Plan (NCP), which is a part of the **Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA)** and the California Health and Safety Code (HSC), chapter 6.8.

INVITATION TO COMMENT

The Navy invites you to participate by submitting comments on the Proposed Plan/Draft RAP for remedial action for Site 31. This Proposed Plan/Draft RAP is being issued pursuant to the NCP as found in CERCLA and the California HSC to ensure that the public has an opportunity to provide comments to fulfill public participation requirements. You are also invited to attend a public meeting scheduled on October 7, 2008 at 7:00 p.m. at the Casa de la Vista, Building 271, on Treasure Island to discuss this Proposed Plan/Draft RAP. The 30-day public comment period will be from September 23, 2008 to October 23, 2008. This Proposed Plan/Draft RAP highlights information from the final **Feasibility Study** report for Site 31. For a detailed review, the final Feasibility Study report is available to the public at the San Francisco Public Library information repository, and at the Treasure Island Building 1 information repository.

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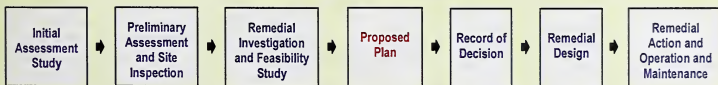
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*Note: Specialized or technical terms are highlighted in **Bold** the first time they appear and are defined in the glossary on page 11.*



Figure 1: Treasure Island Location

THE CERCLA PROCESS



SITE BACKGROUND

Treasure Island was constructed from San Francisco Bay fill in the 1930s for use during the World Exposition in 1939. Navy operations at the island began in 1941, primarily for training, administration, housing, and other support services to the U.S. Pacific Fleet. In 1993, the Defense Base Realignment and Closure (BRAC) Commission recommended closure of NAVSTA TI; the facility was subsequently closed on September 30, 1997.

Site 31 is located in the central portion of NAVSTA TI (see Figure 2 below). During the early 1970s, the land at Site 31 was used as a storage yard (known as the South Storage Yard). In the late 1970s, Site 31 was paved over and developed as an elementary schoolyard. The schoolyard and associated elementary school were leased to the city and county of San Francisco in May 1996.

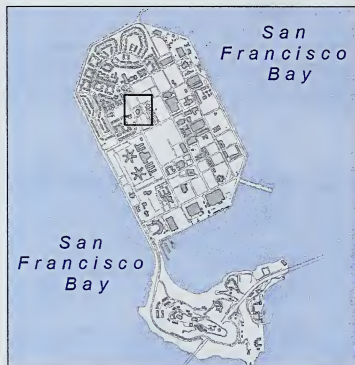


Figure 2: Site 31 Location

NATURE AND EXTENT OF CONTAMINATION

The Navy began investigating Site 31 in 2002 after a utility map was found that identified an old "trash dump" near a utility line along 11th Street. Investigations were conducted in 2002 and 2003 to evaluate the impact of previous activities at the South Storage Yard and to characterize the nature and extent of the buried debris. Based on the investigation results, the Navy established IR Site 31 at the former South Storage Yard in September 2003. Site 31 was configured to include the schoolyard, portions of 11th Street and Avenue E, associated sidewalks, and a portion of a parking lot near the intersection of 11th Street and Avenue E. Site boundaries and details are shown on Figure 3. Site 31 does not include the elementary school building or any other buildings or structures.

Investigations conducted at the site include the following:

- 2002 – South Storage Yard investigation
- 2002 – Exploratory trenching and Time-Critical Removal Action
- 2003 – Additional soil sampling at Site 31
- 2004 – Temporary groundwater well installation and sampling
- 2006/2007 – Final Remedial Investigation Report and Feasibility Study

The time-critical removal action conducted in 2002 to removal soil along 11th Street containing elevated concentrations of copper and lead. Environmental data collected between 2002 and 2004 were used to assess the extent of impacts to soil and groundwater and to evaluate potential risks to human health and the environment.

The results of the investigation concluded that soil was the only contaminated medium at Site 31. **Chemicals of concern (COC)** in soil at Site 31 include benzo(a)pyrene (B[a]P), dioxins, and lead. (See text box "What are the "Chemicals of Concern" on Page 4.) The table below lists the COCs for each of the five debris areas.

Debris Area	Area (ft ²)	Chemicals of Concern
A	400	Lead
B	400	Lead
E	11,500	Dioxins, B(a)P
D	3,000	Dioxins, B(a)P
E	6,600	Lead

SUMMARY OF SITE RISKS

As part of the Remedial Investigation, a quantitative baseline **human health risk assessment (HHRA)** was completed to assess potential adverse human health effects from exposure to chemicals at the site. The HHRA for Site 31 is summarized below.

Human Health Risk Assessment

The HHRA considered both current and potential future use of the site. The existing and planned future use of the site is as an elementary schoolyard. Both elementary school children and adult staff were considered potential **receptors** under the current exposure setting. The following hypothetical receptors were also evaluated: construction workers, adult/child residents, and commercial/industrial workers. A separate **Tier 1 screening-level risk assessment** was conducted for recreational visitors due to potential redevelopment of the southeastern quadrant of the site, including Debris Area D, as a recreational area. Finally, a separate risk assessment was conducted for lead.

Proposed Plan/Draft RAP for Site 31, Former South Storage Yard

Estimated excess cancer risk for the elementary school child, elementary school staff, and construction worker was within the EPA **risk management range**. This means that the information from the risk assessment, along with other information such as economic or legal concerns, is used to reach decisions regarding the need for and practicability of site cleanup actions. Estimated excess cancer risk for the elementary school child and staff and construction worker were within the EPA risk management range, assuming that the pavement within the schoolyard is removed. Estimated cancer risk for the hypothetical child/adult resident and commercial/industrial worker were within the cancer risk management range using the Federal risk calculation method, but above the risk management range using the State method. These two methods differ in the manner in which chemicals are selected for use in risk calculations. Noncancer hazards were below EPA's noncancer **hazard index (HI)** threshold of 1 for all receptors except hypothetical residents and commercial/industrial workers.

Site contaminants detected in groundwater were below the risk management range and below the HI of 1. B(a)P, other carcinogenic polycyclic aromatic hydrocarbons (PAHs), and dioxins are risk drivers for soil at Debris Areas C and D.

The potential for human health impacts caused by lead is typically based on blood-lead concentrations. *LeadSpread* modeling was used to predict blood-lead levels in elementary school child and adult/child residents, based on the concentration of lead in soil. The modeling results indicated a potential risk to child residents from lead. In addition to the modeling criteria, the lead concentrations were also compared with the EPA Region IX **preliminary remediation goal (PRG)** for soil in an industrial use scenario. The industrial PRG is a criterion that is applicable to elementary school staff, construction workers, or commercial/industrial workers. The lead concentrations in the three surface soil (top two feet) data sets were well below the industrial PRG. However, when site-wide surface data were combined with site-wide subsurface soil data, lead exceeded the PRG.

Table 1 highlights the cancer risks and noncancer hazards for receptors from Federal and State HHRAs.

Ecological Risk

A Tier 1 screening-level **ecological risk assessment (ERA)** evaluated the potential for terrestrial receptors to be exposed to soil at IR Sites 6, 12, 21, 24, 30, 31, 32, and 33 at NAVSTA TI. The draft screening-level ERA did not identify any ecological resources at Treasure Island that needed to be protected. Based on the overall poor quality of the habitat on Treasure Island, the Navy does not recommend further evaluation of ecological risk for these sites. Potential impacts to marine receptors in San

Method 1 - Federal		
Receptors	Cancer Risk	Noncancer Hazard
Elementary School Child	1×10^{-5}	0.2
Elementary School Staff	2×10^{-5}	0.1
Construction Worker	3×10^{-6}	0.6
Future Resident	6×10^{-5}	24
Future Commercial/Industrial Worker	3×10^{-4}	2
Method 2 - State		
Receptors	Cancer Risk	Noncancer Hazard
Elementary School Child	2×10^{-5}	0.2
Elementary School Staff	4×10^{-5}	0.2
Construction Worker	5×10^{-6}	0.8
Future Resident	3×10^{-3}	25
Future Commercial/Industrial Worker	4×10^{-4}	2

WHAT ARE THE "CHEMICALS OF CONCERN"

The Navy, in cooperation with DTSC, the Water Board, and EPA, has identified the following contaminants that pose the greatest potential risk to human health at Site 31.

Benzo(a)pyrene: Benzo(a)pyrene (B(a)P) is a member of a class of compounds known as PAHs. PAHs are primarily by-products of incomplete combustion. These combustion sources are numerous, including natural sources such as wildfires, industrial processes, transportation, and disposal activities such as open trash burning. Benzo(a)pyrene is a likely human carcinogen, causes skin disorders in humans and animals, and causes harmful developmental and reproductive effects.

Dioxins: Dioxins are a group of chlorinated hydrocarbons that form as by-products of a variety of chemical reactions and combustion processes. The most common health effect from dioxin exposure in humans is a skin condition called *chloracne*. Other effects of exposure to large amounts of dioxin include skin rashes, skin discoloration, excessive body hair, and possibly mild liver damage.

Several studies suggest that workers exposed to high levels of dioxins at their workplace over many years have an increased risk of cancer. Animal studies have also shown an increased risk of cancer from long-term exposure to dioxins. Also, based on data from animal studies, there is some concern that exposure to low levels of dioxins over long periods (or high level exposures at sensitive times) might result in reproductive or developmental effects.

Lead: Lead is a heavy metal that occurs naturally in rock and soil. Common sources in soil include paints and leaded fuels. The term heavy metal refers to any metallic chemical element that has a relatively high density and is toxic at relatively low concentrations. Heavy metals are dangerous because they tend to bioaccumulate. Lead is neurotoxic, so individuals whose body is still developing (such as children or developing fetuses) are most at risk.

Polycyclic Aromatic Hydrocarbons (PAH): PAHs are compounds typically associated with the incomplete combustion of fossil fuels. These compounds are stable and resist common degradation processes in the environment. Many PAHs will bioaccumulate and are toxic to humans and ecological receptors.

Proposed Plan/Draft RAP for Site 31, Former South Storage Yard

San Francisco Bay were evaluated for chemicals detected in groundwater at the site. This evaluation determined that the groundwater was not a potential risk to the marine receptors.

REMEDIAL ACTION OBJECTIVES

Remedial action objectives (RAOs) are developed to identify and screen remedial alternatives that protect human health and the environment and are consistent with reasonably anticipated land use. The RAOs were developed for the present and planned land use and, as an added conservative protection measure, for any future unrestricted residential or commercial/industrial use of Site 31. Residential or commercial/industrial use of the property is not currently anticipated and therefore is considered a hypothetical alternate land use. The hypothetical alternate land use scenario conservatively assumes that the paved areas are no longer in place and that residential or commercial/industrial areas are developed. The RAOs specify the COCs, exposure pathways, receptors, and an acceptable contaminant level or range of levels for each exposure route for protection of human health and the environment. RAOs are listed below.

- For the elementary school child and staff receptor, to prevent direct contact with and ingestion of shallow soils containing B(a)P at concentrations exceeding established target cleanup levels and dioxin concentrations above the ambient level.
- For the construction worker, prevent direct contact with and ingestion of soils that contain lead concentrations exceeding the EPA industrial PRG.
- For the recreational visitor, prevent direct contact with and ingestion of soils located in the southeastern quadrant that contain dioxin concentrations above ambient levels and B(a)P concentrations that exceed target cleanup levels.
- For the commercial/industrial worker, prevent direct contact with and ingestion of soils containing B(a)P concentrations that exceed target cleanup levels, dioxin concentrations above the ambient levels, and lead concentrations that exceed the EPA industrial PRG.
- For the residential receptor, prevent direct contact with and ingestion of soil containing B(a)P concentrations that exceed target cleanup levels, lead concentrations exceeding the EPA residential PRG, and dioxin concentrations above the ambient levels.

Specific cleanup target concentrations are 0.62 milligrams per kilogram (mg/kg) for B(a)P equivalents, 12 nanograms per kilogram for dioxin equivalents, and 400 mg/kg for lead in the residential scenario.

The RAO for the recreational visitor was developed based on the risk evaluation for the southeastern quadrant of Site 31, the only part of Site 31 currently designated for potential recreational use in the 1996 Reuse Plan. RAOs for the protection of aquatic and terrestrial ecological receptors from soil were not developed because there are no complete exposure pathways for ecological receptors.

SUMMARY OF REMEDIAL ALTERNATIVES

The Feasibility Study identified the following response actions to prevent contaminants from posing a potential future **unacceptable risk** to human receptors.

Summary of Remedial Alternatives - Site 31	
Alternative	Description
1	No Action
2	Engineering Controls Combined with Institutional Controls
3	Engineering and Institutional Controls, Hot Spot Excavation (Debris Area E), and Off-Site Disposal
4	Engineering and Institutional Controls, Hot Spot Excavation (Debris Areas C and D, Excluding Street), and Off-Site Disposal
5	Complete Removal of Debris Areas A, B, C, D, and E, and Off-Site Disposal

Alternative 5 is identified in this proposed plan as the preferred alternative. Each of the alternatives and their estimated costs are described below.

Alternative 1: No Action

Estimated Present Worth Cost:\$0

Alternative 1 provides a baseline used to compare the other alternatives. Under this alternative, no remedial action would be undertaken at Site 31. No efforts would be made to contain, remove, monitor, or treat the contaminated soil at the site. This alternative would not meet the established RAOs, because no remedial action, engineering controls, or institutional controls would be implemented. There are no costs associated with the no action alternative.

Alternative 2: Engineering Controls Combined with Institutional Controls

Estimated Present Worth Cost:\$788,000

Remedial Alternative 2 uses a combination of engineering and institutional controls to prevent exposure to COCs identified in soils beneath Site 31.

This alternative would use engineering and institutional controls to ensure that the existing asphalt and concrete at Site 31 is maintained as an exposure prevention barrier and include provisions for allowing repairs or improvements to subsurface utilities. The institutional controls would also

Proposed Plan/Draft RAP for Site 31, Former South Storage Yard

limit commercial/industrial or residential use of the property to uses that maintain adequate barriers to prevent exposure. Thus, Alternative 2 would meet the RAOs by preventing exposure to COCs.

Institutional controls would include the following:

- A land use covenant requiring inspection of the existing exposure prevention barriers (concrete and asphalt) and provisions for making utility repairs, as necessary.
- A Deed Notice to notify the public of the existence of potential contamination and deed restrictions limiting commercial/industrial reuse of the site.
- A Remedial Action Work Plan (RAWP) to specify the roles and responsibilities for implementing, monitoring, and enforcing the institutional controls.

Alternative 3: Engineering Controls, Institutional Controls, Hot Spot Excavation (Debris Area E), and Off-Site Disposal

Estimated Present Worth Cost:..... \$1,331,000

Alternative 3 is similar to Alternative 2, with the addition of limited demolition, excavation, and disposal of waste associated with Debris Area E (see Figure 3). This Alternative involves engineering and institutional controls, active remediation of hot spots by removing soil within Debris Area E, and off-site disposal of contaminated soil at a permitted hazardous-waste landfill. Selective hot spot removal is expected to eliminate lead exposure to construction workers at concentrations that exceed the industrial PRG. Engineering and institutional controls would prevent exposure of residents to lead in concentrations that exceed the residential PRG.

A temporary security fence would be installed around the site to prevent unauthorized access during remedial activities. The asphalt and concrete on the surface of Debris Area E (11th Street between Avenue D and Avenue E; see Figure 3) would be demolished. Additionally, soil would be removed to a maximum depth of 4 feet and disposed of as nonhazardous waste. Asphalt and concrete debris would be segregated from targeted contaminated soils. Contaminated soil would be excavated and transported as hazardous waste for disposal. The excavation would be backfilled with clean material. Engineering and institutional controls would be required because Alternative 3 does not involve complete excavation of all debris areas (to a depth of 6 feet) and therefore would not support unrestricted use of the site.

Lead is considered the principal COC in Debris Area E for construction/utility worker exposure. Alternative 3 would meet the RAOs for the following receptors:

- Commercial/industrial worker – meets RAOs by removing debris and soil in Area E that contains lead concentrations exceeding the commercial/industrial PRG.
- Elementary school child and staff, recreational visitor, and resident – meets RAOs for contaminants that would remain on site by implementing engineering and institutional controls.

Engineering and institutional controls require monitoring, maintaining, and reporting on the effectiveness and integrity of existing exposure prevention barriers and/or implementing land-use restrictions.

Alternative 4: Engineering Controls, Institutional Controls, Hot Spot Excavation (Debris Areas C and D, excluding Street), and Off-Site Disposal

Estimated Present Worth Cost:\$1,950,000

Under this alternative, asphalt and concrete on the surface of Debris Areas C and D would be demolished and soil removed to a maximum depth of 4 feet (see Figure 3). Alternative 4 involves the same engineering and institutional controls as Alternatives 2 and 3. Alternative 4 does not involve complete excavation of all debris areas (to a depth of 6 feet) and would not support unrestricted use of the site.

Alternative 4 would meet the RAOs for the following receptors:

- Elementary school child and staff, commercial/industrial worker, recreational visitor, and resident – meets RAOs by removing debris and soil that contains B(a)P and dioxins above the RAOs limits.
- Commercial/ industrial worker and resident – meets RAOs for contaminants that would remain on site by implementing engineering and institutional controls.

Alternative 5: Complete Removal of Debris Areas A, B, C, D, and E, and Off-Site Disposal

Estimated Present Worth Cost:\$2,308,000

This alternative would include demolishing the street, replacing or rerouting utilities, and removing asphalt and concrete to access, remove, and dispose of contaminated soils at Debris Areas A, B, C, D, and E (beneath 11th Street). Alternative 5 would involve the removal of all soils within these areas with concentrations of lead, B(a)P, and dioxins in excess of the RAO concentrations. Confirmation samples would be collected from the bottom and sidewalls of the excavations to assure that all contaminants at concentrations exceeding the cleanup goals were removed. Alternative 5 meets the Department of Defense requirement for evaluation of an alternative for unrestricted use of the site.

Alternative 5 is the most extensive of the alternatives evaluated and involves complete excavation of Debris Areas A, B, C, D, and E to a depth of 6 feet. This is a conservative depth because the bottom of the excavation is designed to be below the lowest known contamination depth. Groundwater is expected to be 5 to 7 feet below ground surface at Site 31. Soil will be excavated to the depth necessary to remove the contaminants. Confirmation samples will be collected from the bottom and sidewalls of the excavation to assure contaminants are removed to below the cleanup goals. A temporary security fence would be installed around the site to prevent unauthorized access during remedial activities.

It is assumed that a total of 21,900 square feet of soil beneath Debris Areas A, B, C, D, and E would be removed to a depth of 6 feet bgs. An estimated 930 cubic yards of asphalt and concrete (demolition debris) would require disposal as nonhazardous waste and an estimated 6,080 cubic yards of contaminated soil would require disposal as hazardous waste. Construction of a new or replacement schoolyard and replacement of the street and the parking lot are included in the costs for this alternative, however, the decision to replace these surfaces would be made during the remedial design phase.

Alternative 5 would meet the RAOs for all receptors by removing contaminated soil from the hot spots.

EVALUATION OF ALTERNATIVES

The assembled remedial action alternatives represent a range of distinct environmental restoration strategies that address the environmental RAOs associated with dioxin, lead, and B(a)P contamination in soil at Site 31. The alternatives were evaluated against the nine EPA criteria shown in the shaded box.

These criteria are used to evaluate the cleanup alternatives for this site. The first seven criteria are discussed in the following comparison of alternatives. The last two criteria will be addressed through public comment and regulatory agency review periods. The final decision on the remedy for Site 31 will be made by the Navy and DTSC after receiving and evaluating the public input.

1. Overall Protection of Human Health and the Environment

Alternative 5 is protective of human health under all land use scenarios. Alternatives 2, 3, and 4 employ engineering and institutional controls to ensure human exposure pathways remain incomplete by (1) requiring the existing schoolyard paving to remain and be periodically inspected and maintained, and (2) requiring any alternative future reuse of the property to preserve the existing paving.

EVALUATION CRITERIA FOR REMEDIAL ALTERNATIVES

Overall Protection of Human Health and the Environment determines whether an alternative eliminates, reduces, or controls threats to public health and the environment through institutional controls, engineering controls, or treatment.

Compliance with Applicable or Relevant and Appropriate Requirements (ARAR) evaluates whether the alternative meets Federal and State environmental statutes, regulations, and other requirements that pertain to the site.

Long-Term Effectiveness and Permanence considers the ability of an alternative to maintain protection of human health and the environment over time.

Reduction of Toxicity, Mobility, or Volume assesses the relative performance of recycling or treatment technologies on the toxicity, mobility or volume of contaminants.

Short-Term Effectiveness considers the length of time needed to implement an alternative and the risks the alternative poses to workers, residents, and the environment during implementation.

Implementability considers the technical and administrative feasibility of implementing the alternative, including factors such as the relative availability of goods and services.

Cost includes estimated capital and annual operations and maintenance costs, as well as present worth cost. Present worth cost is the total cost of an alternative over time in terms of today's dollar value. Cost estimates are expected to be accurate within a range of +50 to -30 percent.

Regulatory Acceptance considers whether the DTSC and other regulators agree with the Navy's analyses and recommendations, as described in the Remedial Investigation/Feasibility Study and Proposed Plan/Draft RAP.

Community Acceptance considers whether the local community agrees with Navy's analyses and preferred alternative. Comments received on the Proposed Plan/Draft RAP are an important indicator of community acceptance.

- Alternative 5 would remove any contaminated soil and the source for potential human health risk under all use scenarios.
- Alternatives 3 and 4 would remove contaminated soil in varying quantities, representing elimination of risk under various exposure pathways.
- Alternative 1 is the least protective of human health and the environment.

2. Compliance with Applicable or Relevant and Appropriate Requirements

Applicable or Relevant and Appropriate Requirements (ARARs) are Federal or more stringent State environmental standards, requirements, criteria, or limitations that need to be attained by final remedial actions. *Applicable* requirements are cleanup standards or other substantive requirements under laws that specifically address the situation at a CERCLA site. *Relevant and appropriate requirements* are environmental regulations

that, although not applicable, address problems or situations sufficiently similar and are well suited to the conditions at a site. ARARs may be chemical-specific, location-specific or action-specific, as discussed below.

No potential chemical-specific ARARs for soil that present a numerical cleanup goal were identified. Because there are no chemical-specific ARARs for soil other than the waste characterization requirements, remediation goals for Site 31 are based on ambient levels for dioxins, EPA Region IX PRGs for lead, and a risk-based screening level for B(a)P. No location-specific ARARs were identified for Site 31.

- No action-specific ARARs apply to Alternative 1 because it does not involve initiation of any action.
- Alternative 2, as well as Alternatives 3 and 4, would comply with the potential action-specific state ARARs for institutional controls, as identified in the Feasibility Study.
- Action-specific ARARs associated with on-site waste generation, waste characterization, waste piles and excavation would be addressed as part of the work plan for Alternatives 3, 4, and 5 to ensure compliance with ARARs.

3. Long-Term Effectiveness and Permanence

- In implementing Alternative 5, long-term human health risks would be eliminated by the extensive excavation of contaminated soil for disposal.
- Alternatives 2, 3, and 4 are not as effective or permanent long term because risks associated with current and future land uses are mitigated to a lesser extent depending on the quantity of soil removed.
- In implementing Alternatives 2, 3, and 4, engineering and institutional controls would limit exposure to contaminated soil beneath the asphalt and concrete.
- Because no action is taken, Alternative 1 would not provide long-term effectiveness and permanence.

4. Reduction of Toxicity, Mobility, and Volume

- Alternatives 1 and 2 do not involve active treatment of potential contamination, or reduce its toxicity, mobility, or volume. The COCs identified for this site (e.g., lead, dioxin, and B(a)P) are known to persist in soils and are not expected to degrade quickly.

- Alternatives 3, 4 and 5 would identify and remove contaminated soil from Site 31 and, therefore, reduce the toxicity and volume of contaminated soil at the site. Placing the soil in an approved landfill would reduce the mobility of contaminants in the environment.

5. Short-Term Effectiveness

No active remedial action is involved under Alternatives 1 and 2, so no new health risks are posed to the community, current occupants, workers, or the environment in the short term. The risk under present and planned site use is within the risk management range; therefore Alternatives 1 and 2 are considered highly effective in the short term.

Alternatives 3, 4, and 5 would introduce risk to the community from dust and truck traffic during field activities; however, these risks could be mitigated through best management practices such as truck route planning and dust control measures. Although the risk assessment indicates the risk to the construction worker is below the risk management range, any construction or demolition poses some risks for workers. These construction-related risks can be mitigated through best management safety practices.

6. Implementability

All of the alternatives are technically feasible and are considered equally implementable.

- Alternative 1 does not require any action.
- Alternatives 2, 3, 4, and 5 are proven technologies, and it is unlikely that technical or administrative problems would delay implementing any of these alternatives.
- The materials and services necessary to implement Alternatives 2, 3, 4, and 5 are readily available locally.

7. Cost

Costs estimates for the alternatives are as follows:

- Alternative 5: \$2,308,000
- Alternative 4: \$1,950,000
- Alternative 3: \$1,331,000
- Alternative 2: \$788,000
- There are no costs associated with Alternative 1

The cost estimates include capital construction costs for soil removal and long-term operation and maintenance costs for engineering and institutional controls covering a 30-year period for alternatives 2, 3 and 4. The above estimates represent present value costs.

8. Regulatory Acceptance

Regulatory acceptance of the Navy's preferred alternative will be addressed through meetings, response to comments, and approval on the PP, **Record of Decision (ROD)** and RAP.

9. Community Acceptance

Community acceptance of the preferred alternative will be evaluated after the public comment period and will be described in the ROD and RAP for Site 31.

SUMMARY OF THE PREFERRED ALTERNATIVE

Alternative 5, complete removal and off-site disposal of contaminated soil from Debris Areas A, B, C, D, and E, is the Navy's preferred alternative for Site 31. Alternative 5 would prevent exposure to contaminated soils at the site and would allow unrestricted use. Alternatives 1, 2, 3, and 4 were rejected because they would provide a lower degree of protection to potential human and ecological receptors at the site. The preferred remedial alternative would require approximately one year for implementation.

MULTI-AGENCY PARTICIPATION

The BRAC Cleanup Team (BCT) is comprised of the Navy, US EPA, and Cal/EPA. The primary goals of the BCT are to protect human health and the environment, coordinate environmental investigations, and expedite environmental cleanup at facilities. The BCT reviewed all major documents and activities associated with Site 31 including the Feasibility Study. Based on the reviews and discussions on key documents, the BCT supports the Navy's recommended preferred alternative at Site 31.

REGULATORY SUMMARY

California Health and Safety Code

This document is intended to meet the requirements of California HSC Section 25356.1 for hazardous substance release sites, as required by DTSC. The HSC requires preparation of a RAP for sites that are not listed on the **National Priority List (NPL)**, such as NAVSTA TI. Therefore, this document also serves as a draft RAP in order to fulfill the public notice and comment requirements of the HSC. The final RAP will be incorporated in the ROD for this site.

California Environmental Quality Act

DTSC has prepared an Initial Study to evaluate potential impact of the proposed project on the environment. The findings of the Initial Study indicate that the project would not have a significant effect on public health or the environment. Therefore, DTSC has prepared a proposed

Negative Declaration for the Site 31 cleanup. Both the Initial Study and proposed Negative Declaration are available for review and comment during the public comment period.

Nonbinding Allocation of Responsibility

HSC Section 25356.1(e) requires DTSC to prepare a preliminary nonbinding allocation of responsibility among all identifiable potentially responsible parties. HSC Section 25356.3(a) allows potentially responsible parties with an aggregate allocation in excess of 50 percent to convene an arbitration proceeding by submitting to binding arbitration before an arbitration panel. Based on available information regarding the former NAVSTA TI, DTSC determines that the Navy is a responsible party with aggregate alleged liability in excess of 50 percent of the costs of removal and remedial action pursuant to HSC Section 25356.3. The Navy may convene arbitration if they so choose.

COMMUNITY PARTICIPATION

Community involvement is essential to selecting remedial alternatives. Input will be collected after the alternatives are presented to the public, and a final decision will be made after regulatory agencies and community input on the Proposed Plan/Draft RAP has been reviewed. The Navy will then issue a ROD and DTSC will approve the RAP to select the final remedy.

The public comment period on the Proposed Plan/Draft RAP and the proposed Negative Declaration begin on September 23, 2008 and ends on October 23, 2008. A public meeting will be held on October 7, 2008, so the public can discuss the Proposed Plan/Draft RAP and the proposed Negative Declaration with representatives from the Navy and DTSC. The Navy and DTSC invite you to comment on the results of environmental investigations at Site 31 and on this Proposed Plan/Draft RAP and the proposed Negative Declaration.

THE NEXT STEP

The 30-day public comment period will end on October 23, 2008. After the comment period has ended, the Navy and DTSC will consider the comments received on this Proposed Plan/Draft RAP and the proposed Negative Declaration before making a final decision for Site 31. The Navy's decision will be documented in a ROD, which will include the final RAP and responses to all comments received on this Proposed Plan/Draft RAP and the proposed Negative Declaration. A public notice will be placed in the San Francisco Chronicle announcing when the ROD will become available to the public in the San Francisco Public Library information repository and at Treasure Island Building 1.

INFORMATION REPOSITORIES

The Proposed Plan/Draft RAP, the proposed Negative Declaration, and other Site 31 related documents are available at:

San Francisco Public Library
Government Publications Section
100 Larkin Street
San Francisco, California
(415) 557-4400

Navy BRAC Caretaker Support Office
410 Palm Avenue, Building 1, Room 161
Treasure Island
San Francisco, California
(415) 743-4704

OPPORTUNITIES FOR COMMUNITY INVOLVEMENT

Public Meeting October 7, 2008, 7:00-8:00 p.m.

Location: Casa de la Vista, Building 271, Treasure Island

You are invited to this community meeting to discuss the information presented in this Proposed Plan/Draft RAP and the proposed Negative Declaration for Site 31. Navy representatives will provide information on the environmental investigations conducted for Site 31. You will have an opportunity to ask questions and formally comment on the Navy's and DTSC's preferred remedial alternative for Site 31 as presented in this Proposed Plan/Draft RAP and DTSC's proposed Negative Declaration.

Public Comment Period Continues through October 23, 2008

We encourage you to comment on this Proposed Plan/Draft RAP and the proposed Negative Declaration during the 30-day public comment period. You may provide comments on the Proposed Plan/Draft RAP and the proposed Negative Declaration orally at the public meeting or submit your comments in writing during or after the public meeting. You may mail or email written comments on this Proposed Plan/Draft RAP to the Navy contact person provided on page 11 postmarked no later than October 23, 2008. Similarly, you may mail or email written comments of the proposed Negative Declaration to the DTSC contact person identified on page 11 of this document with the same deadline. The Navy and DTSC will consider all public comments received during this comment period, or in person at the public meeting mentioned above, before making a final decision for Site 31.

GLOSSARY OF TERMS

Specialized terms used in this Proposed Plan/Draft RAP are defined below.

Ambient – Concentrations of a man-made compound (such as dioxins) that are known to be dispersed throughout the environment and can be found in almost all locations.

Applicable or Relevant and Appropriate Requirements (ARARs) – Federal or more stringent State environmental standards, requirements, criteria, or limitations that need to be attained by final remedial actions for a CERCLA site.

Chemical of Concern (COC) – Chemical identified as a potential risk during a site-specific, human-health, or ecological risk assessment.

Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA or Superfund) – A Federal law that sets up a program to identify hazardous waste sites and establishes procedures for cleaning up sites to protect human health and the environment.

Ecological Risk Assessment (ERA) – An analysis of the potential negative ecological effects to plants and animals caused by exposure to hazardous substances released from a site.

Exposure Pathway – The way that a chemical comes into contact with a living organism, such as touching, breathing, or ingesting.

Feasibility Study – A study that identifies and evaluates potential cleanup methods based on their effectiveness, availability, cost, and other factors.

Groundwater – Water below the ground surface in rock or sediment.

Hazard Index (HI) – A calculated value used to represent a potential noncancer health effect. An HI value of 1 or less is considered protective of human health.

Human Health Risk Assessment (HHRA) – An analysis of the potential negative human health impacts caused by exposure to hazardous substances released from a site.

Installation Restoration (IR) Program – The program initiated by the Department of Defense, in compliance with CERCLA (see above), to identify, investigate, assess, characterize, clean up, or control past releases of hazardous substances.

Institutional Controls – Non-engineered mechanisms established to limit human exposure to contaminated waste, soil, or groundwater. These mechanisms may include deed restrictions, covenants, easements, laws, and regulations.

National Priority List (NPL) – The Federal list of Superfund sites nationwide. NPL sites are those considered high priority for cleanup under the Federal Superfund program. NAVSTA TI is not on the NPL list.

Polycyclic Aromatic Hydrocarbons (PAHs) – Compounds typically associated with the incomplete combustion of fossil fuels. These compounds are stable and resist common degradation processes in the environment. Many PAHs will bioaccumulate and are toxic to humans and ecological receptors.

Preliminary Remediation Goals (PRGs) – PRGs are developed by USEPA Region IX to estimate contaminant concentrations in the environmental media (soil, air, and water) both in residential and industrial settings, that are protective of humans, including sensitive groups, over a lifetime.

Proposed Plan – A document that reviews the cleanup alternatives, summarizes the recommended cleanup actions, explains the reasons for recommending them, and solicits comments from the community.

Receptors – Any organism (human or ecological) that may be exposed to site contaminants.

Record of Decision (ROD) – A public document that specifies the final cleanup alternative for a site, based on information from the Remedial Investigation and Feasibility Study, and on public comments and concerns. Under Federal law (CERCLA), the decision document is called a ROD. Under State law, the document is called a Remedial Action Plan (RAP).

Remedial Action – A CERCLA phase in which the selected cleanup technology is constructed, installed, implemented, and/or operated until confirmatory sampling and analysis indicate that cleanup levels have been reached.

Remedial Action Objective (RAO) – A description of remedial goals for each medium of concern at a site (for example, soil or groundwater), expressed in terms of the contaminants of concern, target cleanup levels, exposure pathways and receptors, and/or maximum acceptable exposure levels based on cumulative risks and hazards.

Remedial Action Plan (RAP) – A plan that outlines a specific program leading to the remediation of a contaminated site, prepared for public review and comment. The RAP is required under California Health and Safety Code Section 25356.1 for sites that are not listed on the NPL.

Remedial Action Work Plan (RAWP) – A plan that details the specific actions required to implement the selected remedy.

Remedial Investigation – An investigation to identify nature and extent of potential contaminants at a site and assess human health and environmental risks and hazards that the chemicals may cause.

Risk – Likelihood or probability that a hazardous substance released to the environment will cause adverse effects on exposed human or other biological receptors. Risk calculations incorporate very conservative assumptions. Adverse health effects can be classified as carcinogenic (cancer-causing) or non-carcinogenic. Risk from cancer is expressed as a probability such as 1 in 1,000,000 (also expressed 1×10^{-6}). This means that one person in a population of 1,000,000 is more likely to get cancer over their lifetime. Non-cancer risk is expressed as a hazard Index (HI), see above.

Risk Management Range – The risk management range is considered to represent a risk between 1 in 10,000 and 1 in 1,000,000.

Tier 1 Screening-Level Risk Assessment – An assessment of risk based on published screening criteria.

Unacceptable Risk – A quantification of potential harm to humans, animals, or plants from exposure to contaminants at elevated levels. An unacceptable risk means there is a threat to human health or the environment and an action must be taken. Unacceptable risk is characterized by a site risk above 1 in 10,000 (1×10^{-4}).

FOR MORE INFORMATION

For more information on the environmental program at NAVSTA TI, the Proposed Plan/Draft RAP, RAP, Record of Decision, or Negative Declaration, please contact the following:

Navy Contact

Mr. Charles Perry
1455 Frazee Road, Suite 900
San Diego, CA 92108-4310
(619) 532-0911
(617) 532-0983 (fax)
charles.L.perry@navy.mil

DTSC Contact

Mr. Ryan Miya
700 Heinz Avenue
Berkeley, CA 94710-2721
(510) 540-3775
rmiya@dtsc.ca.gov

Water Board Contact

Mr. Paisha Jorgensen
1515 Clay Street, Suite 1400
Oakland, CA 94612
(510) 622-2756
pjorgensen@waterboards.ca.gov

EPA Contact

Ms. Christine Katin
75 Hawthorne St. SFD-8-1
San Francisco, CA 94105-3901
(415) 972-3112
katin.christine@epa.gov

WHERE TO SUBMIT COMMENTS

Proposed Plan/Draft RAP

In addition to the public meeting, you may submit your comments on the Proposed Plan/Draft RAP via fax, email, or mail to the Navy contact person identified above.

Proposed Negative Declaration

You may submit your comments on the proposed Negative Declaration via mail or email to the DTSC contact person listed above.

DATES TO REMEMBER

October 7, 2008
7:00-8:00 p.m.

Public meeting for comments on the Proposed Plan/Draft RAP and the proposed Negative Declaration.

All comments must be postmarked by
October 23, 2008 for consideration.

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MAILING COUPON

If you would like to be added to the Naval Station Treasure Island mailing list and receive copies of future newsletters and fact sheets, please fill out the coupon below and mail it to:

Mr. James Sullivan
Navy BRAC Program Management Office West
410 Palm Avenue
Building 1, Room 161
Treasure Island, San Francisco, CA 94130-1806

Name: _____

Address: _____

City: _____

State: _____ Zip: _____

ADD MY NAME TO THE MAILING LIST ☐ DELETE MY NAME FROM THE MAILING LIST ☐









AGENDA ITEM 8B
Treasure Island Development Authority
City and County of San Francisco
Meeting of October 22, 2008

Subject: Resolution Retroactively Approving and Authorizing the Execution of a Sublease with the Treasure Island Yacht Club for approximately 1,188 square feet of space located at Building 298, Treasure Island, San Francisco

Contact Richard A. Rovetti, Deputy Director of Real Estate

Phone 415-274-3365

BACKGROUND

Treasure Island Yacht Club, a California nonprofit corporation (hereafter referred to as "TIYC" or "Subtenant"), operates a social club of boating enthusiasts promoting boating safety and education. TIYC offers community events to residents and visitors of Treasure and Yerba Buena Islands as well as to residents of San Francisco.

For over forty (40) years, TIYC has occupied and used space on Treasure Island.

Under the proposed Sublease, TIYC is requesting a month-to-month term commencing retroactively on December 1, 2007.

SUBLEASE TERMS AND CONDITIONS

TIYC will sign the Authority's standard form Sublease document. The salient terms and conditions of the proposed Sublease include the following:

Premises:	Approximately 1,188 square feet of space located at Building 298
Location:	Building 298
Commencement Date:	December 1, 2007
Lease Expiration Date:	November 30, 2009
Lease Term:	Month-to-Month
Base Rent:	Six Hundred and Seventy Five Dollars (\$675.00) per month (Fifty Seven Cents (\$0.57) per square foot)
Use:	Clubhouse and assembly use only and for no other purpose.
Security Deposit:	Nine Hundred Dollars (\$900)

FAIR MARKET VALUE

Under the Authority's Interim Subleasing Policy, the Minimum Rental Rate Schedule sets minimum sublease rental rates per square foot by type of use and facility for office and industrial space. Authority Staff reviews and analyzes available commercial data including market comparables of properties similarly situated to the Authority properties and evaluates the Authority transactions over the past 12 months to establish fair market value. The Authority Board last approved the Minimum Rental Rate Schedule in July 2007, by Resolution No. 07-54-07/11. Per the Schedule, the minimum monthly rental rate for clubhouse space at Building 298 is \$.75 per square foot.

Authority Staff and TIYC have negotiated a Sublease with a monthly rental rate of \$.57 per square foot. Although the rental rate of \$.57 per square foot is \$.18 per square foot below the Authority's Approved Minimum Rent Schedule for 2007 and 2008, Authority Staff believes the public and community benefits provided by TIYC far exceed the rental rate difference and represents fair market value at this time. The Board Authority has previously agreed to this rate.

FINANCIAL IMPACT

The new Sublease will provide an increase of approximately \$8,100.00 per year to the Authority's budget.

RECOMMENDATION

The Authority Staff recommends that the Authority Board of Directors approve the proposed Sublease with Treasure Island Yacht Club, a California nonprofit corporation, and authorize the Director of Island Operations or her designee to execute said Sublease for approximately 1,188 square feet of space located at Building 298, Treasure Island, for a month-to-month term and subject to the additional terms and conditions set forth above.

EXHIBIT A – Sublease between the Treasure Island Development Authority and the Treasure Island Yacht Club, a California nonprofit corporation

Prepared by: Richard A. Rovetti, Deputy Director of Real Estate
For: Mirian Saez, Director of Island Operations

[Sublease with Treasure Island Yacht Club]

Resolution Retroactively Approving and Authorizing the Execution of a Sublease with the Treasure Island Yacht Club for approximately 1,188 square feet of space located at Building 298, Treasure Island.

WHEREAS, Former Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United States of America, acting by and through the Department of the Navy (the "Navy"); and,

WHEREAS, The Base was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, Treasure Island Yacht Club, a California nonprofit corporation (hereafter referred to as "TIYC"), is requesting a month-to-month sublease for approximately 1,188 square feet of space located at Building 298 on Treasure Island commencing retroactively on December 1, 2007 with a base rent of \$675.00 per month or \$.57 per square foot; and,

WHEREAS, For over forty (40) years, TIYC has operated a social club of boating enthusiasts promoting boating safety and education to residents and visitors of Treasure and Yerba Buena Islands as well as to residents of San Francisco; and,

WHEREAS, Although the proposed monthly base rent is below the Authority's Approved Minimum Rent Schedule for 2007 and 2008, Authority staff believes the public and community benefits provided by TIYC far exceed the rental rate difference and, together with the proposed base rent of \$.57 per square foot per month, represents fair market value for this Sublease at this time; now, therefore, be it

RESOLVED, That the Board of Directors hereby approves the Sublease to the Treasure Island Yacht Club, a California nonprofit corporation, for approximately 1,188 square feet of space located at Building 298 on Treasure Island, and authorizes the Director of Island Operations or her designee to execute said Sublease in substantially the form attached hereto as Exhibit A; and be it

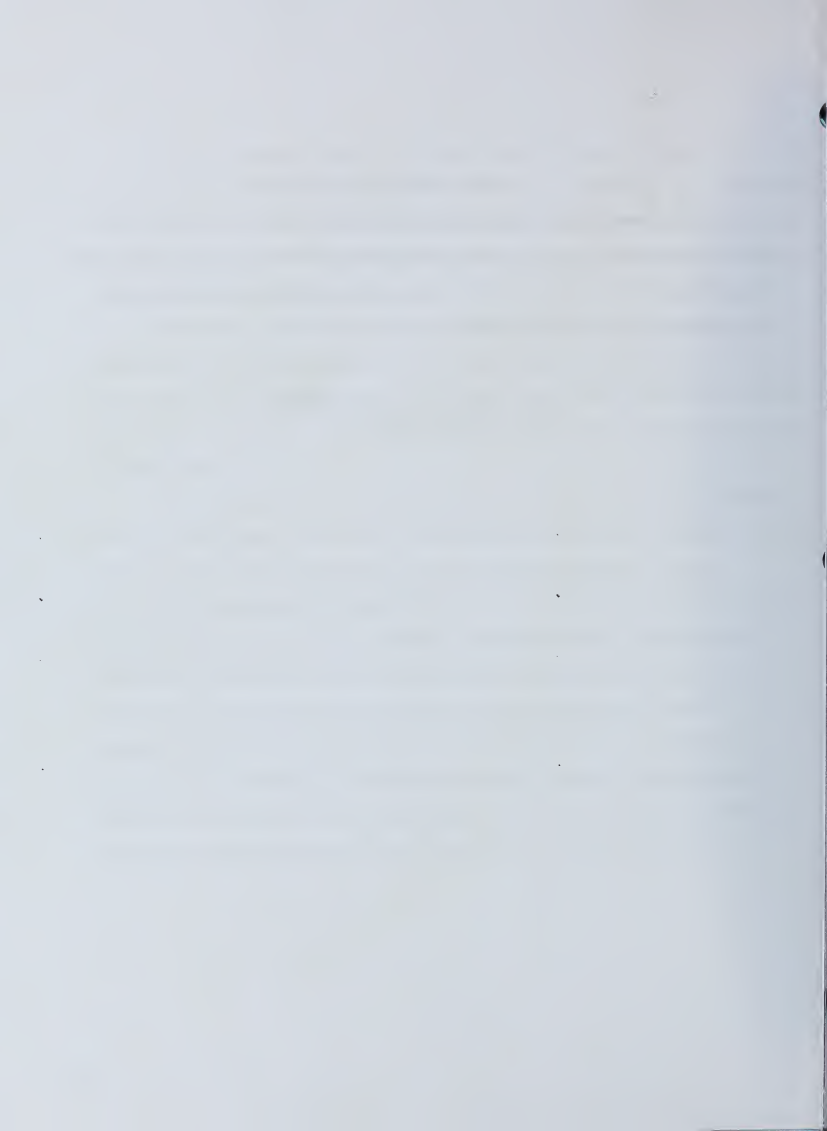
FURTHER RESOLVED, That the Board of Directors hereby finds that (i) entering into the Sublease will serve the goals of the Authority and the public interests of the City, and (ii) the terms and conditions of the Sublease are economically reasonable; and be it

FURTHER RESOLVED, That the Board of Directors hereby authorizes the Director of Island Operations to enter into any additions, amendments or other modifications to the Sublease that the Director of Island Operations determines in consultation with the City Attorney are in the best interests of the Authority, that do not materially increase the obligations or liabilities of the Authority, that do not materially reduce the rights of the Authority, and are necessary or advisable to complete the preparation and approval of the Sublease, such determination to be conclusively evidenced by the execution and delivery by the Director of Island Operations of the documents and any amendments thereto.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on October 8, 2008.

John Elberling, Secretary



ITEM 8B EXHIBIT A

SUBLEASE No. 43

between

TREASURE ISLAND DEVELOPMENT AUTHORITY

as Sublandlord

and

TREASURE ISLAND YACHT CLUB,
a California non-profit corporation

as Subtenant

For the Sublease of

Building 298 at former Naval Station Treasure Island

Treasure Island Naval Station
San Francisco, California

December 1, 2007

TREASURE ISLAND SUBLEASE

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LIST OF EXHIBITS:

EXHIBIT A – Master Lease

EXHIBIT B – Diagram of Premises

EXHIBIT C – Cover Page of Seismic Report

EXHIBIT D – Rules and Regulations

EXHIBIT E – Utilities

EXHIBIT F – TIHDI Work Force Hiring Plan

TREASURE ISLAND SUBLEASE

THIS SUBLEASE (the "Sublease"), dated for reference purposes only as of December 1, 2007, is by and between the TREASURE ISLAND DEVELOPMENT AUTHORITY, a California public benefit corporation ("Sublandlord"), and TREASURE ISLAND YACHT CLUB, a California non-profit corporation ("Subtenant"). From time to time, Sublandlord and Subtenant together shall be referred to herein as the "Parties".

This Sublease is made with reference to the following facts and circumstances:

A. The United States of America, acting by and through the Department of Navy ("Master Landlord") and Sublandlord entered into a lease dated September 4, 1998, as amended from time to time (the "Master Lease"), a copy of which is attached hereto as Exhibit A. Under the Master Lease, the Master Landlord leased to Sublandlord certain real property located on Treasure Island Naval Station (the "Property"), as more particularly described in the Master Lease.

B. Subtenant desires to sublet from Sublandlord, and Sublandlord is willing to sublet to Subtenant, a portion of the Property on the terms and conditions contained in this Sublease.

NOW THEREFORE, Sublandlord and Subtenant hereby agree as follows:

1. BASIC SUBLEASE INFORMATION

The following is a summary of basic sublease information (the "Basic Sublease Information"). Each item below shall be deemed to incorporate all of the terms of this Sublease pertaining to such item. In the event of any conflict between the information in this Section and any more specific provision of this Sublease, the more specific provision shall control.

Sublease Reference Date: December 1, 2007

Sublandlord: TREASURE ISLAND DEVELOPMENT
AUTHORITY, a California public benefit
corporation

Subtenant: TREASURE ISLAND YACHT CLUB, a
California non-profit corporation

Subleased Premises (Section 2.1):	Approximately One Thousand One Hundred and Eighty Eight (1,188) square feet of space located at Building 298, and nonexclusive use of the parking area adjacent to Building 298, Treasure Island, San Francisco, as more particularly shown on <u>Exhibit B</u> , attached hereto.
Facility:	Building 298
Term: (Section 4.1):	Commencement date: December 1, 2007 Expiration date: November 30, 2009
	Notwithstanding anything in this Sublease to the contrary, either Sublandlord or Subtenant, in its sole discretion, may terminate this Sublease for any reason upon delivery of not less than thirty (30) days' prior written notice to the other party.
Base Rent (Section 5.1):	Six Hundred and Seventy Five Dollars (\$675.00) per month (Fifty Seven Cents (\$0.57) per square foot)
Rent Adjustment Date(s) (Section 5.2):	Not Applicable
Rent Increase Percentage (Section 5.2):	Not Applicable
Use (Section 7.1):	Clubhouse and assembly use only and for no other purpose.
Repair Amount (Section 13.1):	Ten Thousand Dollars (\$10,000)
Security Deposit (Section 19.3):	Nine Hundred Dollars (\$900)

Notice Address of Sublandlord (Section 21.1): Treasure Island Development Authority
Treasure Island Project Office
410 Avenue of Palms
Building 1, 2nd Floor
Treasure Island
San Francisco, CA 94130
Attn: Mirian Saez
Director of Island Operations
Fax No.: 415-274-0299

with a copy to:

Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Attn: Eileen M. Malley
Fax No.: (415) 554-4755

Notice Address of Subtenant (Section 21.1): Treasure Island Yacht Club
66 Clipper Cove Way
Treasure Island, San Francisco, CA. 94130
Attn: Commodore Desmond Thorsson
Phone No. 415-989-9100
Fax No. N/A

Notice Address of Master Landlord (Section 21.1): Department of The Navy
Base Realignment and Closure
Program Management Office West
1455 Frazee Road, Suite 900
San Diego, CA 92108-4310
Fax #: (619) 532-9858

2. PREMISES

2.1. **Subleased Premises** Subject to the terms, covenants and conditions of this Sublease, Sublandlord subleases to Subtenant the Premises. Subtenant shall have the non-exclusive right to use, together with other subtenants in the Facility, the lobbies, corridors, elevators, stairways and other public areas of the Facility and the Property (collectively, the "Common Areas"), and the non-exclusive right of access to and from the Premises by the main entrances to the Facility

and the Property.

In the event Subtenant uses or occupies space outside the Premises without the prior written consent of Sublandlord (the "Encroachment Area"), then upon written notice from Sublandlord ("Notice to Vacate"), Subtenant shall immediately vacate such Encroachment Area and pay as additional rent for each day Subtenant used, occupied, uses or occupies such Encroachment Area, an amount equal to the rentable square footage of the Encroachment Area, multiplied by the higher of the (a) highest rental rate then approved by Sublandlord's Board of Directors for the Premises or the Facility, or (b) then current fair market rent for such Encroachment Area, as reasonably determined by Sublandlord (the "Encroachment Area Charge"). If Subtenant uses or occupies such Encroachment Area for a fractional month, then the Encroachment Area Charge for such period shall be prorated based on a thirty (30) day month. In no event shall acceptance by Sublandlord of the Encroachment Area Charge be deemed a consent by Sublandlord to the use or occupancy of the Encroachment Area by Subtenant or a waiver (or be deemed as waiver) by Sublandlord of any and all other rights and remedies of Sublandlord under this Sublease (including Subtenant's obligation to indemnify, defend and hold Sublandlord harmless as set forth in the last paragraph of this Section 2.1), at law or in equity.

In addition to the foregoing amount, Subtenant shall pay to Sublandlord, as additional rent, an amount equaling Two Hundred Dollars (\$200.00) upon delivery of the initial Notice to Vacate plus the actual cost associated with a survey of the Encroachment Area. In the event Sublandlord determines during subsequent inspection(s) that Subtenant has failed to vacate the Encroachment Area, then Subtenant shall pay to Sublandlord, as additional rent, an amount equaling Three Hundred Dollars (\$300.00) for each additional Notice to Vacate, if applicable, delivered by Sublandlord to Subtenant following each inspection. The parties agree that the charges associated with each inspection of the Encroachment Area, delivery of each Notice to Vacate and survey of the Encroachment Area represent a fair and reasonable estimate of the administrative cost and expense which Sublandlord will incur by reason of Sublandlord's inspection of the Premises, issuance of each Notice to Vacate and survey of the Encroachment Area. Subtenant's failure to comply with the applicable Notice to Vacate and Sublandlord's right to impose the foregoing charges shall be in addition to and not in lieu of any and all other rights and remedies of Sublandlord under this Sublease, at law or in equity. The amounts set forth in this Section 2.1 shall be due within three (3) business days following the applicable Notice to Vacate and/or separate invoice relating to the actual cost associated with a survey of the Encroachment Area.

In addition to the rights and remedies of Sublandlord as set forth in the immediately foregoing two paragraphs of this Section 2.1, the terms and conditions of the indemnity and exculpation provision set forth in Section 16 below shall also apply to Subtenant's use and occupancy of the Encroachment Area as if the Premises originally included the Encroachment Area, and Subtenant shall additionally indemnify, defend and hold Sublandlord harmless from and against any and all loss or liability resulting from delay by Subtenant in so surrendering the Encroachment Area including, without limitation, any loss or liability resulting from any claims

against Sublandlord made by any tenant or prospective tenant founded on or resulting from such delay and losses to Sublandlord due to lost opportunities to lease any portion of the Encroachment Area to any such tenant or prospective tenant, together with, in each case, actual attorneys' fees and costs.

By placing their initials below, each party specifically confirms the accuracy of the statements made in this Section 2.1 and the reasonableness of the amount of the charges described in this Section 2.1.

Initials: _____ Sublandlord _____ Subtenant

2.2. As Is Condition of Premises

(a) **Inspection of Premises.** Subtenant represents and warrants that Subtenant has conducted a thorough and diligent inspection and investigation, either independently or through its officers, directors, employees, agents, affiliates, subsidiaries, licensees and contractors, and their respective heirs, legal representatives, successors and assigns, and each of them ("Subtenant's Agents"), of the Premises and the suitability of the Premises for Subtenant's intended use. Subtenant is fully aware of the needs of its operations and has determined, based solely on its own investigation, that the Premises are suitable for its operations and intended uses. As part of its inspection of the Premises, Subtenant acknowledges its receipt and review of the Seismic Report referenced in Section 2.2(c) below and the Joint Inspection Report referenced in Section 6 of the Master Lease.

(b) **As Is; Disclaimer of Representations** Subtenant acknowledges and agrees that the Premises are being subleased and accepted in their "AS IS, WITH ALL FAULTS" condition, without representation or warranty of any kind, and subject to all applicable laws, statutes, ordinances, resolutions, regulations, proclamations, orders or decrees of any municipal, county, state or federal government or other governmental or regulatory authority with jurisdiction over the Premises, or any portion thereof, whether currently in effect or adopted in the future and whether or not in the contemplation of the Parties, including without limitation the orders and citations of any regulatory authority with jurisdiction over life and safety issues concerning the Premises governing the use, occupancy, management, operation and possession of the Premises ("Laws"). Without limiting the foregoing, this Sublease is made subject to any and all covenants, conditions, restrictions, easements and other title matters affecting the Premises, or any portion thereof, whether or not of record. Subtenant acknowledges and agrees that neither Sublandlord, the City and County of San Francisco ("City"), nor any of their respective officers, directors, employees, agents, affiliates, subsidiaries, licensees or contractors, or their respective heirs, legal representatives, successors and assigns ("Sublandlord's Agents") have made, and Sublandlord hereby disclaims, any representations or warranties, express or implied, concerning (i) title or survey matters affecting the Premises, (ii) the physical, geological, seismological or environmental condition of the Premises, including, without limitation, the matters described in the Seismic Report (as defined below), (iii) the quality, nature or adequacy of any utilities serving

the Premises, (iv) the feasibility, cost or legality of constructing any Alterations on the Premises if required for Subtenant's use and permitted under this Sublease, (v) the safety of the Premises, whether for the use by Subtenant or any other person, including Subtenant's Agents or Subtenant's clients, customers, vendors, invitees, guests, members, licensees, assignees or subtenants ("Subtenant's Invitees"), or (vi) any other matter whatsoever relating to the Premises or their use, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose.

(c) **Seismic Report.** Without limiting Section 2.2(b) above, Subtenant expressly acknowledges for itself and Subtenant's Agents that it received and read that certain report dated August 1995, entitled "*Treasure Island Reuse Plan: Physical Characteristics, Building and Infrastructure Conditions,*" prepared for the Office of Military Base Conversion, Department of City Planning, and the Redevelopment Agency of the City and County of San Francisco (the "Seismic Report"), a copy of the cover page of which is attached hereto as **Exhibit C**. Subtenant has had an adequate opportunity to review the Seismic Report with expert consultants of its own choosing. The Seismic Report, among other matters, describes the conditions of the soils of the Property and points out that in the area of the Property where the Premises are located, an earthquake of magnitude 7 or greater is likely to cause the ground under and around the Premises to spread laterally to a distance of ten (10) or more feet and/or result in other risks. In that event, there is a significant risk that any structures or improvements located on or about the Premises, may fail structurally and collapse.

3. COMPLIANCE WITH MASTER LEASE

3.1. **Incorporation by Reference.** All of the terms and conditions of the Master Lease are hereby incorporated by reference into this Sublease as if fully set forth herein.

3.2. **Performance of Master Landlord's Obligations.** Sublandlord does not assume the obligations of Master Landlord under the Master Lease. With respect to work, services, repairs, restoration, the provision of utilities or HVAC services, or the performance of any other obligations required of Master Landlord under the Master Lease, Sublandlord's sole obligation with respect thereto shall be to request the same, on request in writing by Subtenant, and to use reasonable efforts to obtain the same from Master Landlord. Subtenant shall cooperate with Sublandlord as may be required to obtain from Master Landlord any such work, services, repairs, repainting, restoration, the provision of utilities or HVAC services, or the performance of any of Master Landlord's obligations under the Master Lease.

3.3. **Conflict.** If any of the provisions of this Sublease conflict with any portion of the Master Lease as incorporated herein, then the terms of the Master Lease shall govern.

3.4. **Compliance with Master Lease.** Subtenant shall not do or permit to be done anything which would constitute a violation or a breach of any of the terms, conditions or provisions of the Master Lease or which would cause the Master Lease to be terminated or forfeited by virtue of

any rights of termination reserved by or vested in the Master Landlord.

4. TERM

4.1. **Term of Sublease.** The term of this Sublease (the "Term") shall commence on the Commencement Date set forth in the Basic Sublease Information, and expire on the Expiration Date set forth in the Basic Sublease Information, unless sooner terminated pursuant to the terms of this Sublease.

4.2. **Effective Date.** This Sublease shall become effective on the date (the "Effective Date") upon the later of (i) the Parties' execution and delivery of this Sublease, (ii) Sublandlord's Board of Director's approval of this Sublease at a duly noticed meeting, if such approval is required, or (iii) the Commencement Date.

4.3. **Automatic Termination.** If the Master Lease terminates for any reason whatsoever, this Sublease shall automatically terminate and the Parties shall thereafter be relieved from all liabilities and obligations under this Sublease, except for liabilities and obligations which expressly survive termination of this Sublease. Subtenant acknowledges and agrees that it has reviewed the Master Lease, is aware of the circumstances upon which the Master Lease may be terminated and hereby assumes all risks associated with the automatic termination of this Sublease because of the termination of the Master Lease.

4.4. **Termination by Sublandlord.** Subtenant's period of occupancy of the Premises is subject to Sublandlord's right to terminate this Sublease as provided herein at such time as Sublandlord determines, in its sole discretion, that the Premises are needed in connection with a Sublandlord program or project. As used herein, "Sublandlord program or project" shall mean any development or renovation, by public and/or private parties, of the building or land in or on which the Premises are located. In the event of any such development or renovation, Sublandlord shall have the right to terminate this Sublease without liability or expense upon delivery to Subtenant of thirty (30) days prior written notice of such termination. Subtenant agrees and shall be required to surrender possession of the Premises by the end of such thirty (30) day period.

4.5. **No Relocation Assistance; Waiver of Claims.** Subtenant acknowledges that it will not be a displaced person as that term is defined under the California Government Code Section 7260 et seq. ("California Relocation Act") and the Uniform Relocation Assistance and Real Property Policies Act, 42 U.S.C. 4601 et seq. ("URA"), and that Subtenant will not be entitled to any relocation benefits provided under the California Relocation Act and the URA, including any moving expenses, reimbursement for costs associated with increased rent, loss of goodwill or other costs related to the termination of Subtenant's Lease and Subtenant's relocation from the Premises. Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims against, and covenants not to sue, Sublandlord, its departments, commissions, officers,

directors and employees, agents, contractors and successors and assigns and all persons acting by, through or under each of them, under any laws, including, without limitation, any and all claims for relocation benefits or assistance from Sublandlord under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260, et seq., and the Uniform Relocation Assistance and Real Property Acquisition Policies Act, 42 U.S.C. 4601, et seq.).

Initials: _____ Subtenant

5. RENT

5.1. **Base Rent.** Throughout the Term, beginning on the Commencement Date, Subtenant shall pay to Sublandlord Base Rent in the amount set forth in the Basic Sublease Information. Base Rent shall be paid to Sublandlord without prior demand and without any deduction, setoff, or counterclaim whatsoever. Base Rent shall be payable on or before the first day of each month, in advance, at the Notice Address of Sublandlord provided in Section 21.1 hereof or such other place as Sublandlord may designate in writing. If the Commencement Date occurs on a date other than the first day of a calendar month, or the Sublease terminates on a day other than the last day of a calendar month, then the monthly payment of Base Rent for such fractional month shall be prorated based on a thirty (30) day month.

5.2. **Adjustments in Base Rent.** If this Sublease has not been terminated, then on each Rent Adjustment Date set forth in the Basic Sublease Information, the Base Rent shall be increased by the Rent Increase Percentage set forth in the Basic Lease Information.

5.3. **Additional Charges.** In addition to Base Rent, Subtenant shall pay all other charges related to the Premises otherwise payable by Subtenant to Sublandlord hereunder, including, without limitation, all late charges and default interest attributable to late payments and/or defaults of Subtenant hereunder, all utility charges, and any amounts other than Base Rent that shall become due and payable by Subtenant under this Sublease (together, the "Additional Charges"). Together, Base Rent and Additional Charges shall hereinafter be referred to as the "Rent".

5.4. **Late Charge.** If Subtenant fails to pay any Rent within ten (10) days after the date the same is due and payable, such unpaid amount will be subject to a late payment charge equal to six percent (6%) of the unpaid amount in each instance. The late payment charge has been agreed upon by Sublandlord and Subtenant, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that Sublandlord will incur as a result of any such failure by Subtenant, the actual costs thereof being extremely difficult if not impossible to determine. The late payment charge constitutes liquidated damages to compensate Sublandlord for its damages resulting from such failure to pay and Subtenant shall promptly pay such charge to Sublandlord together with such unpaid amount.

5.5. **Default Interest.** If any Rent is not paid within ten (10) days following the due date, such unpaid amount shall bear interest from the due date until paid at the rate of ten percent (10%) per year. However, interest shall not be payable on late charges incurred by Subtenant nor on any amounts on which late charges are paid by Subtenant to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Subtenant.

6. TAXES, ASSESSMENTS AND OTHER EXPENSES

6.1. **Taxes and Assessments, Licenses, Permit Fees and Liens.**

(a) **Payment Responsibility.** Subtenant shall pay any and all real and personal property taxes, including, but not limited to, possessory interest taxes, general and special assessments, excises, licenses, permit fees and other charges and impositions of every description levied on or assessed against the Premises, any Alterations, Subtenant's Personal Property, or Subtenant's use of the Premises or any Alterations during the Term. Subtenant shall make all such payments directly to the charging authority when due and payable and at least ten (10) days prior to delinquency. However, with respect to real property taxes and assessments levied on or assessed against the Premises for which Sublandlord receives the tax bill directly from the taxing authority, Subtenant shall reimburse Sublandlord for payment of such sums immediately upon demand.

(b) **Taxability of Possessory Interest.** Without limiting the foregoing, Subtenant recognizes and agrees that this Sublease may create a possessory interest subject to property taxation and that Subtenant may be subject to the payment of property taxes levied on such interest.

(c) **No Liens.** Subtenant shall not allow or suffer a lien for any taxes payable by Subtenant hereunder to be imposed upon the Premises or upon any equipment or other property located thereon without discharging the same as soon as practicable, and in no event subsequent to delinquency.

(d) **Reporting Information.** Subtenant agrees to provide such information as Sublandlord may request to enable Sublandlord to comply with any possessory interest tax reporting requirements applicable to this Sublease.

6.2. **Evidence of Payment.** Subtenant shall, upon Sublandlord's request, furnish to Sublandlord within ten (10) days after the date when any charges are due and payable, official receipts of the appropriate taxing authority or other evidence reasonably satisfactory to Sublandlord, evidencing payment thereof.

7. USE; COVENANTS TO PROTECT PREMISES

7.1. **Subtenant's Permitted Use.** Subtenant may use the Premises for the Permitted Use set

forth in the Basic Sublease Information, but for no other purpose without the prior written consent of Sublandlord, which consent may be given or withheld in Sublandlord's sole and absolute discretion.

7.2. **Subtenant's Access to the Premises.** As provided in Section 30 of the Master Lease, Subtenant shall have access to the Premises on a 24-hours per day, seven days a week basis; provided, however, Subtenant shall coordinate such access with the local representative of Master Landlord.

7.3. **Rules and Regulations.** Subtenant agrees to adhere to all rules and regulations regarding the Premises attached hereto as Exhibit D, and any additional rules regarding security, ingress, egress, safety and sanitation applicable to the Premises or the Property, as such rules and regulations may be prescribed by Master Landlord or Sublandlord from time to time.

7.4. **Easements.** This Sublease shall be subject to all outstanding easements and rights-of-way for location of any type of facility over, across, in, and upon the Premises or any portion thereof, and to the right of Master Landlord to grant such additional easements and rights-of-way over, across, in and upon the Premises as Master Landlord shall determine to be in the public interest ("Additional Easements"); provided that, as provided in Section 29 of the Master Lease, Master Landlord shall use its best efforts to minimize any interference with Subtenant's operations hereunder caused by the granting of any such Additional Easements and the granting of such Additional Easements shall be conditioned on the assumption by the grantee thereof of liability to Subtenant for such damages as Subtenant shall suffer for property destroyed or property rendered unusable on account of the grantee's exercise of its rights thereunder. There is hereby reserved to the holders of such Additional Easements as are presently outstanding or which may hereafter be granted, to any workers officially engaged in the construction, installation, maintenance, operation, repair or replacement of facilities located thereon, and to any federal, state or local official engaged in the official inspection thereof, such reasonable rights of ingress and egress over the Premises as shall be necessary for the performance of their duties with regard to such facilities.

7.5. **No Interference with Navy Operations.** Subtenant shall not conduct operations, nor make any Alterations (as defined below), that would interfere with or otherwise restrict Master Landlord's operations or environmental clean-up or restoration actions by the Master Landlord, Sublandlord, the Environmental Protection Agency, the State of California or their contractors. Environmental clean-up, restoration or testing activities by these Parties shall take priority over Subtenant's use of the Premises in the event of any conflict; provided, however, in such event, Master Landlord and Sublandlord shall use their best efforts to minimize any disruption of Subtenant's operation.

7.6. **No Unlawful Uses, Nuisances or Waste.** Without limiting the foregoing, Subtenant shall not use, occupy or permit the use or occupancy of any of the Premises in any unlawful manner or for any illegal purpose, or permit any offensive, noisy or hazardous use or any waste

on or about the Premises. Subtenant shall eliminate any nuisances or hazards relating to its activities on or about the Premises. Subtenant shall not conduct any business, place any sales display, or advertise in any manner in areas on or about the Property outside of the Premises.

8. ALTERATIONS

8.1. Alterations. Subtenant shall not construct, install, make or permit to be made any alterations, installations or additions ("Alterations") in, to or about the Premises, without Sublandlord's prior written consent in each instance, which consent may given or withheld in Sublandlord's sole and absolute discretion. Subject to Sublandlord's consent as provided above, any Alterations shall be done at Subtenant's sole expense (i) in strict accordance with plans and specifications approved in advance by Sublandlord in writing, (ii) by duly licensed and bonded contractors or mechanics approved by Sublandlord, (iii) in a good and professional manner, (iv) in strict compliance with all Laws, and (v) subject to all other conditions that Sublandlord may reasonably impose. In no event shall the construction, installation or the making of any Alterations impair the use or operation of the Property, or any portion thereof, or Sublandlord's or Master Landlord's access thereto. Prior to the commencement of any work on the Premises to construct any Alterations, Subtenant, at its sole expense, shall procure all required permits and approvals and shall promptly upon receipt deliver copies of all such documents to Sublandlord. No material change from the plans and specifications for any Alterations approved by Sublandlord may be made without Sublandlord's prior consent. Sublandlord and Sublandlord's Agents shall have the right to inspect the course of construction on the Premises at all times.

8.2. Historic Properties. Without limiting the generality of the foregoing, Subtenant acknowledges and agrees that, pursuant to Section 15 of the Master Lease, no Alterations may be made to any improvements on the Premises (i) which will affect the historic characteristics of the improvements or modify the appearance of the exterior of the improvements without Master Landlord's and Sublandlord's prior written consent, or (ii) if such Alterations would preclude qualifying the improvements for inclusion on the National Register for Historic Places.

8.3. Ownership of Alterations. Any Alterations constructed on or affixed to the Premises by or on behalf of Subtenant pursuant to the terms and limitations of this Section 8 shall be and remain Subtenant's property during the Term. Upon the termination of this Sublease, Subtenant shall remove all such Alterations from the Premises in accordance with the provisions of Section 19 hereof, unless Sublandlord, at its sole option and without limiting any of the provisions of Section 8.1 above, requires that such Alterations remain on the Premises following the expiration or termination of this Sublease.

8.4. Subtenant's Personal Property. All furniture, furnishings and articles of movable personal property and equipment used upon or installed in the Premises by or for the account of Subtenant that can be removed without structural or other material damage to the Premises (all of which are herein called "Subtenant's Personal Property") shall be and remain the property of Subtenant and shall be removed by Subtenant, subject to the provisions of Section 19 hereof.

Subtenant shall be solely responsible for providing any security or other protection of or maintenance to Subtenant's Personal Property.

8.5. Sublandlord's Alterations. Sublandlord reserves the right at any time to make alterations, additions, repairs, deletions or improvements to the common areas or any other part of the improvements on the Premises; provided, that any such alterations or additions shall not materially adversely affect the functional utilization of the Premises for the purposes stated herein.

9. REPAIRS AND MAINTENANCE

9.1. Subtenant Responsible for Maintenance and Repair. Subtenant assumes full and sole responsibility for the condition, operation, repair and maintenance and management of the Premises from and after the Commencement Date and shall keep the Premises in good condition and repair. Sublandlord shall not be responsible for the performance of any repairs, changes or alterations to the Premises, nor shall Sublandlord be liable for any portion of the cost thereof. Subtenant shall make all repairs and replacements, interior and exterior, structural as well as non-structural, ordinary as well as extraordinary, foreseen and unforeseen, which may be necessary to maintain the Premises at all times in a clean, safe, attractive and sanitary condition and in good order and repair, to Sublandlord's and Master Landlord's reasonable satisfaction, provided, however, that neither Subtenant nor Sublandlord shall be required to make structural repairs or Alterations to correct conditions affecting the Premises existing prior to the Commencement Date. If any portion of the Premises is damaged by any activities conducted by Subtenant or Subtenant's Agents or Subtenant's Invitees hereunder, Subtenant shall immediately, at its sole cost, repair all such damage and restore the Premises to its previous condition.

9.2. Utilities. Sublandlord shall provide the basic utilities and services described in the attached Exhibit E (the "Standard Utilities and Services") to the Premises, subject to the terms and conditions contained therein. Subtenant shall be responsible for furnishing, at its sole cost, any utilities or services other than or in excess of the Standard Utilities and Services that Subtenant may need for its use of the Premises. Subtenant shall pay, without set off or counterclaim, all amounts due and owing for such Standard Utilities and Services at the rates provided in and as otherwise set forth in Exhibit E.

9.3. Landscaping. Subtenant shall maintain the exterior landscaping of the Premises in good condition and repair.

9.4. Janitorial Services. Subtenant shall provide all janitorial services for the Premises.

9.5. Pest Control. Subtenant shall provide and pay for all pest control services required within the Premises, and shall keep the Premises free of all pests at all times.

9.6. Trash. Subtenant shall deposit all trash into designated containers in the Premises in

compliance with the Rules and Regulations attached hereto as Exhibit D. Subtenant shall pay for the removal of trash from the designated containers. Subtenant shall abide by all rules established by Sublandlord or Master Landlord for the handling of trash.

9.7. No Right to Repair and Deduct. Subtenant expressly waives the benefit of any existing or future Laws or judicial or administrative decision that would otherwise permit Subtenant to make repairs or replacements at Sublandlord's expense, or to terminate this Sublease because of Sublandlord's failure to keep the Premises or any part thereof in good order, condition or repair, or to abate or reduce any of Subtenant's obligations hereunder on account of the Premises or any part thereof being in need of repair or replacement. Without limiting the foregoing, Subtenant expressly waives the provisions of California Civil Code Sections 1932, 1941 and 1942 or any similar Laws with respect to any right of Subtenant to terminate this Sublease and with respect to any obligations of Sublandlord hereunder or any right of Subtenant to make repairs or replacements and deduct the cost thereof from Rent.

10. LIENS

10.1. Liens. Subtenant shall keep the Premises free from any liens arising out of any work performed, material furnished or obligations incurred by or for Subtenant. In the event Subtenant does not, within five (5) days following the imposition of any such lien, cause the lien to be released of record by payment or posting of a proper bond, Sublandlord shall have in addition to all other remedies provided herein and by law or equity the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including, but not limited to, payment of the claim giving rise to such lien. All such sums paid by Sublandlord and all expenses it incurs in connection therewith (including, without limitation, reasonable attorneys' fees) shall be payable to Sublandlord by Subtenant upon demand. Sublandlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law or that Sublandlord deems proper for its protection and protection of the Premises from mechanics' and materialmen's liens. Subtenant shall give Sublandlord at least fifteen (15) days' prior written notice of the commencement of any repair or construction on any of the Premises.

11. COMPLIANCE WITH LAWS

11.1. Compliance with Laws. Subtenant shall promptly, at its sole expense, maintain the Premises and Subtenant's use and operations thereon in strict compliance at all times with all present and future Laws, whether foreseen or unforeseen, ordinary as well as extraordinary; provided, however Subtenant shall not be required to make repairs or structural changes to the Premises required solely to correct conditions affecting the Premises existing prior to the Commencement Date or not related to Subtenant's use of the Premises, unless the requirement for such changes is imposed as a result of any Alterations made or requested to be made by Subtenant. Such Laws shall include, without limitation, all Laws relating to health and safety and disabled accessibility including, without limitation, the Americans with Disabilities Act, 42 U.S.C. §§ 12101 et seq. and Title 24 of the California Code of Regulations, all present and future

Environmental Laws (as defined in this Sublease below), and all applicable provisions of the San Francisco Environment Code. No occurrence or situation arising during the Term, nor any present or future Law, whether foreseen or unforeseen, and however extraordinary, shall give Subtenant any right to seek redress against Sublandlord for failing to comply with any Laws. Subtenant waives any rights now or hereafter conferred upon it by any existing or future Law to compel Sublandlord to make any repairs to comply with any such Laws, on account of any such occurrence or situation.

11.2. Regulatory Approvals.

(a) **Responsible Party.** Subtenant understands and agrees that Subtenant's use of the Premises and construction of any Alterations permitted hereunder may require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises. Subtenant shall be solely responsible for obtaining any and all such regulatory approvals, including without limitation, any liquor permits or approvals. Subtenant shall not seek any regulatory approval without first obtaining the written consent of Sublandlord. Subtenant shall bear all costs associated with applying for, obtaining and maintaining any necessary or appropriate regulatory approval and shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval. Any fines or penalties levied as a result of Subtenant's failure to comply with the terms and conditions of any regulatory approval shall be immediately paid and discharged by Subtenant, and Sublandlord shall have no liability, monetary or otherwise, for any such fines or penalties. Subtenant shall indemnify, protect, defend and hold harmless forever ("Indemnify") Sublandlord, City and Master Landlord, including, but not limited to, all of their respective officers, directors, employees, agents, affiliates, subsidiaries, licensees, contractors, boards, commissions, departments, agencies and other subdivisions and each of the persons acting by, through or under each of them, and their respective heirs, legal representatives, successors and assigns, and each of them (the "Indemnified Parties"), against any and all claims, demands, losses, liabilities, damages, liens, injuries, penalties, fines, lawsuits and other proceedings, judgments and awards and costs and expenses, including, without limitation, reasonable attorneys' and consultants' fees and costs ("Losses") arising in connection with Subtenant's failure to obtain or comply with the terms and conditions of any regulatory approval.

11.3. Compliance with Sublandlord's Risk Management Requirements. Subtenant shall not do anything, or permit anything to be done, in or about the Premises or to any Alterations permitted hereunder that would create any unusual fire risk, and shall take commercially reasonable steps to protect Sublandlord from any potential premises liability. Subtenant shall faithfully observe, at its expense, any and all reasonable requirements of Sublandlord's Risk Manager with respect thereto and with the requirements of any policies of commercial general liability, all risk property or other policies of insurance at any time in force with respect to the Premises and any Alterations as required hereunder.

12. ENCUMBRANCES

12.1. Encumbrance By Subtenant. Notwithstanding anything to the contrary contained in this Sublease, Subtenant shall not under any circumstances whatsoever create any mortgage, deed of trust, assignment of rents, fixture filing, security agreement, or similar security instrument, or other lien or encumbrance or assignment or pledge of an asset as security in any manner against the Premises or Sublandlord's or Subtenant's interest under this Sublease.

13. DAMAGE OR DESTRUCTION

13.1. Damage or Destruction to the Premises In the case of damage to or destruction of the Premises by earthquake, fire, flood or any other casualty, which (i) is not caused by Subtenant or Subtenant's Agents or Subtenant's Invitees, (ii) is not covered by the insurance described in Section 17 below, (iii) prevents Subtenant from operating the Premises for the purposes stated herein, and (iv) costs more to repair than the Repair amount set forth in the Basic Lease Information, either party may terminate this Sublease upon thirty (30) days prior written notice and upon any such termination Subtenant shall surrender the Premises in accordance with Section 19 (except for damage caused by a casualty pursuant to which this Sublease may be terminated under this Section 13.1) and both Parties shall be relieved of any liability for such termination or for repairing such damage. If neither Party terminates this Sublease as provided in this Section 13.1, then Subtenant shall, at its sole cost, promptly restore, repair, replace or rebuild the Premises to the condition the Premises were in prior to such damage or destruction, subject to any Alterations made in strict accordance with the requirements of Section 8.1 above. Under no circumstances shall Sublandlord have any obligation to repair, replace or rebuild the Premises in the event of a casualty.

13.2. No Abatement in Rent. In the event of any damage or destruction to the Premises, and if neither party terminates this Sublease as provided in Section 13.1 above, there shall be no abatement in the Rent payable hereunder.

13.3. Waiver. The Parties understand and agree that the foregoing provisions of this Section are intended to govern fully the rights and obligations of the Parties in the event of damage or destruction to the Premises or Alterations, and Sublandlord and Subtenant each hereby waives and releases any right to terminate this Sublease in whole or in part under Sections 1932.2 and 1933.4 of the Civil Code of California or under any similar Laws now or hereafter in effect, to the extent such rights are inconsistent with the provisions hereof.

14. ASSIGNMENT AND SUBLETTING

14.1. Restriction on Assignment and Subletting Subtenant shall not directly or indirectly (including, without limitation, by merger, acquisition or other transfer of any controlling interest in Subtenant), voluntarily or by operation of Law, sell, assign, encumber, pledge, sublease or otherwise transfer any part of its interest in or rights with respect to the Premises, any Alterations or its interest in this Sublease, or permit any portion of the Premises to be occupied by anyone

other than itself, or sublet any portion of the Premises (a "Transfer"), without Sublandlord's prior written consent in each instance, which Sublandlord may grant or withhold in its sole and absolute discretion. Subtenant shall provide Sublandlord with a written notice of its intention to Transfer this Sublease or the Premises, together with a copy of the proposed Transfer agreement at least thirty (30) days prior to the commencement date of the proposed Transfer. Subtenant shall provide Sublandlord with such information regarding the proposed Transfer as Sublandlord may reasonably request.

14.2. Bonus Rental. If Sublandlord consents to a Transfer of any of Subtenant's interest in or rights with respect to the Premises pursuant to Section 14.1 above, then one hundred percent (100%) of any rent or other consideration payable to Subtenant in excess of the Base Rent payable hereunder (or the proportionate share thereof applicable to the portion of the Premises that is subject to the Transfer) shall be paid to Sublandlord immediately upon receipt by Subtenant.

15. DEFAULT; REMEDIES

15.1. Events of Default. Any of the following shall constitute an event of default ("Event of Default") by Subtenant hereunder:

(a) **Failure to Pay Rent.** Any failure to pay any Rent or any other sums due hereunder, including sums due for utilities, within five (5) days after such sums are due;

(b) **Covenants, Conditions and Representations.** Any failure to perform or comply with any other covenant, condition or representation made under this Sublease; provided, Subtenant shall have a period of ten (10) days from the date of written notice from Sublandlord of such failure within which to cure such default under this Sublease, or, if such default is not capable of cure within such 10-day period, Subtenant shall have a reasonable period to complete such cure if Subtenant promptly undertakes action to cure such default within such 10-day period and thereafter diligently prosecutes the same to completion and uses its best efforts to complete such cure within sixty (60) days after the receipt of notice of default from Sublandlord;

(c) **Vacation or Abandonment.** Any abandonment of the Premises for more than fourteen (14) consecutive days;

(d) **Bankruptcy.** The appointment of a receiver to take possession of all or substantially all of the assets of Subtenant, or an assignment by Subtenant for the benefit of creditors, or any action taken or suffered by Subtenant under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute, whether now existing or hereafter amended or enacted; and

(e) **Notices of Default.** The delivery to Subtenant of three (3) or more notices of default within any twelve (12) month period, irrespective of whether Subtenant actually cures such

default within the specified time period, may, in the sole and absolute discretion of the Authority, be deemed an incurable breach of this Sublease allowing the Authority to immediately terminate this Sublease without further notice or demand to Subtenant.

15.2. Remedies. Upon the occurrence of an Event of Default by Subtenant, Sublandlord shall have the following rights and remedies in addition to all other rights and remedies available to Sublandlord at Law or in equity:

(a) **Terminate Sublease and Recover Damages.** The rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including, but not limited to, the right to terminate Subtenant's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that Subtenant proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2. Sublandlord's efforts to mitigate the damages caused by Subtenant's breach of this Sublease shall not waive Sublandlord's rights to recover unmitigated damages upon termination.

(b) **Appointment of Receiver.** The right to have a receiver appointed for Subtenant upon application by Sublandlord to take possession of the Premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to Sublandlord pursuant to this Sublease.

15.3. Sublandlord's Right to Cure Subtenant's Defaults. If Subtenant defaults in the performance of any of its obligations under this Sublease, then Sublandlord may at any time thereafter with three (3) days prior written notice (except in the event of an emergency as determined by Sublandlord where prior notice by Sublandlord is impractical), remedy such Event of Default for Subtenant's account and at Subtenant's expense. Subtenant shall pay to Sublandlord, as Additional Charges, promptly upon demand, all sums expended by Sublandlord, or other costs, damages, expenses or liabilities incurred by Sublandlord, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy such Event of Default. Subtenant's obligations under this Section shall survive the termination of this Sublease. Nothing herein shall imply any duty of Sublandlord to do any act that Subtenant is obligated to perform under any provision of this Sublease, and Sublandlord's cure or attempted cure of Subtenant's Event of Default shall not constitute a waiver of Subtenant's Event of Default or any rights or remedies of Sublandlord on account of such Event of Default.

16. RELEASE AND WAIVER OF CLAIMS; INDEMNIFICATION

16.1. Release and Waiver of Claims. Subtenant, on behalf of itself and Subtenant's Agents, covenants and agrees that the Indemnified Parties shall not be responsible for or liable to Subtenant for, and, to the fullest extent allowed by any Laws, Subtenant hereby waives all rights against the Indemnified Parties and releases them from, any and all Losses, including, but not

limited to, incidental and consequential damages, relating to any injury, accident or death of any person or loss or damage to any property, in or about the Premises, from any cause whatsoever, including without limitation, partial or complete collapse of the Premises due to an earthquake or subsidence, except only to the extent such Losses are caused solely by the gross negligence or willful misconduct of the Indemnified Parties. Without limiting the generality of the foregoing:

- (a) Subtenant expressly acknowledges and agrees that the Rent payable hereunder does not take into account any potential liability of the Indemnified Parties for any consequential or incidental damages including, but not limited to, lost profits arising out of disruption to Subtenant's uses hereunder. Sublandlord would not be willing to enter into this Sublease in the absence of a complete waiver of liability for consequential or incidental damages due to the acts or omissions of the Indemnified Parties, and Subtenant expressly assumes the risk with respect thereto. Accordingly, without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action for consequential and incidental damages and covenants not to sue the Indemnified Parties for such damages arising out of this Sublease or the uses authorized hereunder, including, without limitation, any interference with uses conducted by Subtenant pursuant to this Sublease regardless of the cause.
- (b) Without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action against, and covenants not to sue the Indemnified Parties under any present or future Laws, statutes, or regulations, including, but not limited to, any claim for inverse condemnation or the payment of just compensation under the law of eminent domain, or otherwise at equity, in the event that Sublandlord terminates this Sublease because of such claim for inverse condemnation or eminent domain.
- (c) As part of Subtenant's agreement to accept the Premises in its "As Is" condition as provided herein, and without limiting such agreement and any other waiver contained herein, Subtenant on behalf of itself and its successors and assigns, waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way be connected with the physical or environmental condition of the Premises and any related improvements or any Laws or regulations applicable thereto or the suitability of the Premises for Subtenant's intended use.
- (d) Subtenant acknowledges that it will not be a displaced person at the time this Sublease is terminated, and Subtenant fully RELEASES, WAIVES AND DISCHARGES the Indemnified Parties from any and all Losses and any and all claims, demands or rights against any of the Indemnified Parties under any present and future Laws, including, without limitation, any and all claims for relocation benefits or assistance from the Indemnified Parties under federal and state

relocation assistance laws.

(e) Without limiting any other waiver contained herein, Subtenant, on behalf of itself and its successors and assigns, hereby waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way connected with the Indemnified Parties' decision to Sublease the Premises to Subtenant, regardless of whether or not such decision is or may be determined to be an act of gross negligence or willful misconduct of the Indemnified Parties.

(f) Subtenant covenants and agrees never to file, commence, prosecute or cause to be filed, commenced or prosecuted against the Indemnified Parties any claim, action or proceeding based upon any claims, demands, causes of action, obligations, damages, losses, costs, expenses or liabilities of any nature whatsoever encompassed by the waivers and releases set forth in this Section 16.1.

(g) In executing these waivers and releases, Subtenant has not relied upon any representation or statement other than as expressly set forth herein.

(h) Subtenant had made such investigation of the facts pertaining to these waivers and releases as it deems necessary and assumes the risk of mistake with respect to such facts. These waivers and releases are intended to be final and binding on Subtenant regardless of any claims of mistake.

(i) In connection with the foregoing releases, Subtenant acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Subtenant acknowledges that the releases contained herein include all known and unknown, disclosed and undisclosed, and anticipated and unanticipated claims. Subtenant realizes and acknowledges that it has agreed upon this Sublease in light of this realization and, being fully aware of this situation, it nevertheless intends to waive the benefit of Civil Code Section 1542, or any statute or other similar law now or later in effect. The waivers and releases contained herein shall survive any termination of this Sublease.

16.2. Subtenant's Indemnity: Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties from and against any and all Losses arising out of Subtenant's use of the Premises, including but not limited to, any Losses arising directly or indirectly, in whole or in part, out of: (a) any damage to or destruction of any property owned by or in the

custody of Subtenant or Subtenant's Agents or Subtenant's Invitees; (b) any accident, injury to or death of a person, including, without limitation, Subtenant's Agents and Subtenant's Invitees, howsoever or by whomsoever caused, occurring in, on or about the Premises; (c) any default by Subtenant in the observation or performance of any of the terms, covenants or conditions of this Sublease to be observed or performed on Subtenant's part; (d) the use, occupancy, conduct or management, or manner of use, occupancy, conduct or management by Subtenant, Subtenant's Agents or Subtenant's Invitees or any person or entity claiming through or under any of them, of the Premises or any Alterations; (e) any construction or other work undertaken by Subtenant on or about the Premises; and (f) any acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees, in, on, or about the Premises or any Alterations, except to the extent that such Indemnity is void or otherwise unenforceable under any applicable Laws in effect on or validly retroactive to the date of this Sublease and further except only to the extent such Losses are caused solely by the gross negligence or intentional wrongful acts and omissions of the Indemnified Parties. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and Sublandlord's costs of investigating any Loss. Subtenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter. Subtenant's obligations under this Section shall survive the expiration or sooner termination of this Sublease.

17. INSURANCE

17.1. Required Insurance Coverage. Subtenant, at its sole cost and expense, shall maintain, or cause to be maintained, through the Term of this Sublease, the following insurance:

(a) **General Liability Insurance.** Comprehensive or commercial general liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including coverages for contractual liability, independent contractors, broad form property damage, personal injury, products and completed operations, fire damage and legal liability with limits not less than One Million Dollars (\$1,000,000), explosion, collapse and underground (XCU).

(b) **Automobile Liability Insurance.** Comprehensive or business automobile liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including coverages for owned and hired vehicles and for employer's non-ownership liability, which insurance shall be required if any automobiles or any other motor vehicles are operated in connection with Subtenant's activity on the Premises or the Permitted Use.

(c) **Worker's Compensation and Employer's Liability Insurance.** If Subtenant has employees, Worker's Compensation Insurance in statutory amounts with Employer's Liability

with limits not less than One Million Dollars (\$1,000,000.00) for each accident, injury or illness, on employees eligible for each.

(d) **Personal Property Insurance.** Subtenant, at its sole cost and expense, shall procure and maintain on all of its personal property and Alterations, in, on, or about the Premises, property insurance on an all risk form, excluding earthquake and flood, to the extent of full replacement value. The proceeds from any such policy shall be used by Subtenant for the replacement of Subtenant's personal property.

(e) **Other Coverage.** Such other insurance or different coverage amounts as is required by law or as is generally required by commercial owners of property similar in size, character, age and location as the Premises, as may change from time to time, or as may be required by the City's Risk Manager.

17.2. Claims-Made Policies. If any of the insurance required in Section 17.1 above is provided under a claims-made form of policy, Subtenant shall maintain such coverage continuously throughout the Term and without lapse for a period of three (3) years beyond the termination of this Sublease, to the effect that should occurrences during the Term give rise to claims made after termination of this Sublease, such claims shall be covered by such claims-made policies.

17.3. Annual Aggregate Limits. If any of the insurance required in Section 17.1 above is provided under a form of coverage which includes an annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit shall be double the occurrence limits specified herein.

17.4. Payment of Premiums. Subtenant shall pay the premiums for maintaining all required insurance.

17.5. Waiver of Subrogation Rights. Notwithstanding anything to the contrary contained herein, Sublandlord and Subtenant (each a "Waiving Party") each hereby waives any right of recovery against the other party for any loss or damage sustained by such other party with respect to the Facility or the Premises or any portion thereof or the contents of the same or any operation therein, whether or not such loss is caused by the fault or negligence of such other party, to the extent such loss or damage is covered by insurance which is required to be purchased by the Waiving Party under this Sublease or is actually covered by insurance obtained by the Waiving Party. Each Waiving Party agrees to cause its insurers to issue appropriate waiver of subrogation rights endorsements to all policies relating to the Facility or the Premises; provided, the failure to obtain any such endorsement shall not affect the above waiver.

17.6. General Insurance Matters.

(a) All liability insurance policies required to be maintained by Subtenant hereunder shall

contain a cross-liability clause, shall name as additional insureds the "THE TREASURE ISLAND DEVELOPMENT AUTHORITY, CITY AND COUNTY OF SAN FRANCISCO, THE UNITED STATES OF AMERICA, ACTING BY AND THROUGH THE DEPARTMENT OF THE NAVY, AND THEIR OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS," shall be primary to any other insurance available to the additional insureds with respect to claims arising under this Sublease, and shall provide that such insurance applies separately to each insured against whom complaint is made or suit is brought except with respect to the limits of the company's liability.

(b) All insurance policies required to be maintained by Subtenant hereunder shall be issued by an insurance company or companies reasonably acceptable to Sublandlord with an AM Best rating of not less than A-VIII and authorized to do business in the State of California.

(c) All insurance policies required to be maintained by Subtenant hereunder shall provide for thirty (30) days' prior written notice of cancellation for any reason, intended non-renewal, or reduction in coverage to Subtenant and Sublandlord. Such notice shall be given in accordance with the notice provisions of Section 21.1 below.

(d) Subtenant shall deliver to Sublandlord certificates of insurance and additional insured policy endorsements in a form satisfactory to Sublandlord evidencing the coverages required herein, together with evidence of payment of premiums, on or before the Commencement Date, and upon renewal of each policy not less than thirty (30) days before expiration of the term of the policy. Subtenant shall, upon Sublandlord's request, promptly furnish Sublandlord with a complete copy of any insurance policy required hereunder.

(e) Not more often than every year and upon not less than sixty (60) days' prior written notice, Sublandlord may require Subtenant to increase the insurance limits set forth in Section 17.1 above if Sublandlord finds in its reasonable judgment that it is the general commercial practice in San Francisco to carry insurance in amounts substantially greater than those amounts carried by Subtenant with respect to risks comparable to those associated with the use of the Premises.

(f) Subtenant's compliance with the provisions of this Section shall in no way relieve or decrease Subtenant's indemnification obligations herein or any of Subtenant's other obligations or liabilities under this Sublease.

(g) Notwithstanding anything to the contrary in this Sublease, Sublandlord may elect in Sublandlord's sole and absolute discretion to terminate this Sublease upon the lapse of any required insurance coverage by written notice to Subtenant.

18. ACCESS BY SUBLANDLORD

18.1. Access to Premises by Sublandlord.

(a) **General Access.** Sublandlord reserves for itself and Sublandlord's Agents, the right to enter the Premises and any portion thereof at all reasonable times upon not less than twenty-four (24) hours oral or written notice to Subtenant (except in the event of an emergency) for any purpose.

(b) **Emergency Access.** In the event of any emergency, as determined by Sublandlord, Sublandlord may, at its sole option and without notice, enter the Premises and alter or remove any Alterations or Subtenant's Personal Property on or about the Premises. Sublandlord shall have the right to use any and all means Sublandlord considers appropriate to gain access to any portion of the Premises in an emergency. In such case, Sublandlord shall not be responsible for any damage or injury to any such property, nor for the replacement of any such property and any such emergency entry shall not be deemed to be a forcible or unlawful entry onto or a detainer of, the Premises, or an eviction, actual or constructive, of Subtenant from the Premises or any portion thereof.

(c) **No Liability.** Sublandlord shall not be liable in any manner, and Subtenant hereby waives any claims, for any inconvenience, disturbance, loss of business, nuisance or other damage arising out of Sublandlord's entry onto the Premises, except damage resulting directly and exclusively from the gross negligence or willful misconduct of Sublandlord or Sublandlord's Agents and not contributed to by the acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees.

18.2. Access to Premises by Master Landlord. Subtenant acknowledges and agrees that Master Landlord shall have all of the rights of access to the Premises described in the Master Lease.

19. SURRENDER

19.1. Surrender of the Premises. Upon the termination of this Sublease, Subtenant shall surrender to Sublandlord the Premises in the same condition as of the Commencement Date, ordinary wear and tear excepted, and free and clear of all liens, easements and other encumbrances created or suffered by, through or under Subtenant. On or before any termination hereof, Subtenant shall, at its sole cost, remove any and all of Subtenant's Personal Property from the Premises and demolish and remove any and all Alterations from the Premises (except for any Alterations that Sublandlord agrees are to remain part of the Premises pursuant to the provisions of Section 8.3 above). In addition, Subtenant shall, at its sole expense, repair any damage to the Premises resulting from the removal of any such items and restore the Premises to their condition immediately prior to the presence of any Alterations. In connection therewith, Subtenant shall obtain any and all necessary permits and approvals, including, without limitation, any environmental permits, and execute any manifests or other documents necessary to complete the demolition, removal or restoration work required hereunder. Subtenant's obligations under this Section shall survive the termination of this Sublease. Any items of Subtenant's Personal

Property remaining on or about the Premises after the termination of this Sublease may, at Sublandlord's option and after thirty (30) days written notice to Subtenant, be deemed abandoned and in such case Sublandlord may dispose of such property in accordance with Section 1980, et seq., of the California Civil Code or in any other manner allowed by Law.

19.2. No Holding Over. If Subtenant fails to surrender the Premises to Sublandlord upon the termination of this Sublease as required by this Section, Subtenant shall Indemnify Sublandlord against all Losses resulting therefrom, including, without limitation, Losses made by a succeeding Subtenant resulting from Subtenant's failure to surrender the Premises. Subtenant shall have no right to hold over without the prior written consent of Sublandlord, which consent may be withheld in Sublandlord's sole and absolute discretion. If Sublandlord holds over the Premises or any part thereof after expiration or earlier termination of this Sublease, such holding over shall be terminable upon written notice by Sublandlord, and the Base Rent shall be increased to two hundred percent (200%) of the Base Rent in effect immediately prior to such holding over, and such holdover shall otherwise be on all the other terms and conditions of this Sublease. This Section shall not be construed as Sublandlord's permission for Subtenant to hold over. Acceptance of any holdover Base Rent by Sublandlord following expiration or termination of this Sublease shall not constitute an extension or renewal of this Sublease.

19.3. Security Deposit. Subtenant shall pay to Sublandlord upon execution of this Sublease a security deposit in the amount set forth in the Basic Sublease Information as security for the faithful performance of all terms, covenants and conditions of this Sublease. Subtenant agrees that Sublandlord may (but shall not be required to) apply the security deposit in whole or in part to remedy any damage to the Premises caused by Subtenant, Subtenant's Agents or Subtenant's Invitees, or any failure of Subtenant to perform any other terms, covenants or conditions contained in this Sublease, without waiving any of Sublandlord's other rights and remedies hereunder or at Law or in equity. Should Sublandlord use any portion of the security deposit to cure any Event of Default by Subtenant hereunder, Subtenant shall immediately replenish the security deposit to the original amount, and Subtenant's failure to do so within five (5) days of Sublandlord's notice shall constitute a material Event of Default under this Sublease. Sublandlord's obligations with respect to the security deposit are solely that of debtor and not trustee. Sublandlord shall not be required to keep the security deposit separate from its general funds, and Subtenant shall not be entitled to any interest on such deposit. The amount of the security deposit shall not be deemed to limit Subtenant's liability for the performance of any of its obligations under this Sublease. To the extent that Sublandlord is not entitled to retain or apply the security deposit pursuant to this Section 20.3, Sublandlord shall return such security deposit to Subtenant within forty-five (45) days of the termination of this Sublease.

20. HAZARDOUS MATERIALS

20.1. No Hazardous Materials. Subtenant covenants and agrees that neither Subtenant nor any of Subtenant's Agents or Subtenant's Invitees shall cause or permit any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any

federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment, including, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended (42 U.S.C. Sections 9601 et seq.), or pursuant to Section 25281 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of any existing improvements on the Premises, or are naturally occurring substances on, in or about the Premises; and petroleum, including crude oil or any fraction thereof, and natural gas or natural gas liquids ("Hazardous Material") to be brought upon, kept, used, stored, generated or disposed of in, on or about the Premises or transported to or from the Premises without the prior written approval of Sublandlord, which approval may be withheld in Sublandlord's sole and absolute discretion. Subtenant shall immediately notify Sublandlord if and when Subtenant learns or has reason to believe there has been any release of Hazardous Material in, on or about the Premises. Sublandlord may from time to time request Subtenant to provide adequate information for Sublandlord to determine that any Hazardous Material permitted hereunder is being handled in compliance with all applicable federal, state or local Laws or policies relating to Hazardous Material (including, without limitation, its use, handling, transportation, production, disposal, discharge or storage) or to human health and safety, industrial hygiene or environmental conditions in, on, under or about the Premises and any other property, including, without limitation, soil, air and groundwater conditions ("Environmental Laws"), and Subtenant shall promptly provide all such information. Sublandlord and Sublandlord's Agents shall have the right to inspect the Premises for Hazardous Material and compliance with the provisions hereof at all reasonable times upon reasonable advance oral or written notice to Subtenant (except in the event of an emergency). Subtenant agrees that it shall comply, without limiting the foregoing, with the provisions of Article 21 of the San Francisco Health Code including, without limitation, regarding obtaining and complying with the requirements of an approved hazardous materials management plan, and with the requirements of the environmental protection provisions provided for in Section 13 of the Master Lease.

20.2. Subtenant's Environmental Indemnity. If Subtenant breaches any of its obligations contained in Section 20.1 above, or, if any act or omission or negligence of Subtenant or any of Subtenant's Agents or Subtenant's Invitees results in any spilling, leaking, pumping, pouring, emitting, discharging, injecting, escaping, leaching or dumping ("Release") of Hazardous Material in, on, under or about the Premises or the Property, without limiting Subtenant's general Indemnity contained in Section 16.2 above, Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties, and each of them, from and against any and all enforcement, investigation, remediation or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental Laws together with any and all Losses made or threatened by any third party against Sublandlord, Sublandlord's Agents, or the Premises, relating to damage, contribution, cost recovery compensation, loss or injury resulting from the presence, Release or discharge of any Hazardous Materials, including,

without limitation, Losses based in common law, investigation and remediation costs, fines, natural resource damages, damages for decrease in value of the Premises, the loss or restriction of the use or any amenity of the Premises and attorneys' fees and consultants' fees and experts' fees and costs ("Hazardous Materials Claims") arising during or after the Term of this Sublease and relating to such Release. The foregoing Indemnity includes, without limitation, all costs associated with the investigation and remediation of Hazardous Material and with the restoration of the Premises or the Property to its prior condition including, without limitation, fines and penalties imposed by regulatory agencies, natural resource damages and losses, and revegetation of the Premises or other Sublandlord property. Without limiting the foregoing, if Subtenant or any of Subtenant's Agents or Subtenant's Invitees, causes or permits the Release of any Hazardous Materials in, on, under or about the Premises or the Property, Subtenant shall, immediately, at no expense to Sublandlord, take any and all appropriate actions to return the Premises or other Sublandlord property affected thereby to the condition existing prior to such Release and otherwise investigate and remediate the Release in accordance with all Environmental Laws. Subtenant shall provide Sublandlord with written notice of and afford Sublandlord a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, permit, approvals, or other compromise or proceeding involving Hazardous Material.

20.3. Acknowledgment of Receipt of EBS and FOSL Reports. Subtenant hereby acknowledges for itself and Subtenant's Agents that, prior to the execution of this Sublease, it has received and reviewed the Environmental Baseline Survey ("EBS") and the Finding of Suitability to Lease ("FOSL") described in Section 7 of the Master Lease. California law requires landlords to disclose to tenants the presence or potential presence of certain Hazardous Materials. Accordingly, Subtenant is hereby advised that occupation of the Premises may lead to exposure to Hazardous Materials such as, but not limited to, gasoline, diesel and other vehicle fluids, vehicle exhaust, office maintenance fluids, tobacco smoke, methane and building materials containing chemicals, such as formaldehyde. Further, there are Hazardous Materials located on the Premises as described in the EBS and the FOSL. In addition, California's Proposition 65, Health and Safety Code Section 25249.6 et seq., requires notice that some of these Hazardous Materials are known by the State of California to cause cancer or reproductive harm. By execution of this Sublease, Subtenant acknowledges that the notices and warnings set forth above satisfy the requirements of California Health and Safety Code Sections 25249.6 et seq., 25359.7 and related statutes.

21. GENERAL PROVISIONS

21.1. Notices. Except as otherwise expressly provided in this Sublease, any notice given hereunder shall be effective only in writing and given by delivering the notice in person, or by sending it first class mail or certified mail with a return receipt requested or reliable commercial overnight courier, return receipt requested, with postage prepaid, to the appropriate addresses set forth in the Basic Sublease Information. Any Party hereunder may designate a new address for notice purposes hereunder at least ten (10) days prior to the effective date of such change. Any

notice hereunder shall be deemed to have been given two (2) days after the date when it is mailed if sent by first class or certified mail, one day after the date it is made, if sent by commercial overnight carrier, or upon the date personal delivery is made, and any refusal by either Party to accept the attempted delivery of any notice, if such attempted delivery is in compliance with this Section 21.1 and applicable Laws, shall be deemed receipt of such notice.

21.2. No Implied Waiver. No failure by Sublandlord to insist upon the strict performance of any obligation of Subtenant under this Sublease or to exercise any right, power or remedy arising out of a breach thereof, irrespective of the length of time for which such failure continues, no acceptance of full or partial payment of Rent due hereunder during the continuance of any such breach, and no acceptance of the keys to or possession of the Premises prior to the expiration of the Term by any Agent of Sublandlord, shall constitute a waiver of such breach or of Sublandlord's right to demand strict compliance with such term, covenant or condition or operate as a surrender of this Sublease. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of a default or the performance of any provision hereof shall not be deemed to be a waiver of a subsequent default or performance. The consent of Sublandlord given in any instance under the terms of this Sublease shall not relieve Subtenant of any obligation to secure the consent of Sublandlord in any other or future instance under the terms of this Sublease.

21.3. Amendments. Neither this Sublease nor any term or provision hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the Parties hereto.

21.4. Authority. If Subtenant signs as a corporation, a partnership or a limited liability company, each of the persons executing this Sublease on behalf of Subtenant does hereby covenant and warrant that Subtenant is a duly authorized and existing entity, that Subtenant has and is qualified to do business in California, that Subtenant has full right and authority to enter into this Sublease, and that each and all of the persons signing on behalf of Subtenant are authorized to do so. Upon Sublandlord's request, Subtenant shall provide Sublandlord with evidence reasonably satisfactory to Sublandlord confirming the foregoing representations and warranties. Without limiting the generality of the foregoing, Subtenant represents and warrants that it has full power to make the waivers and releases, indemnities and the disclosures set forth herein, and that it has received independent legal advice from its attorney as to the advisability of entering into a sublease containing those provisions and their legal effect.

21.5. Joint and Several Obligations. The word "Subtenant" as used herein shall include the plural as well as the singular. If there is more than one Subtenant, the obligations and liabilities under this Sublease imposed on Subtenant shall be joint and several.

21.6. Interpretation of Sublease. The captions preceding the articles and sections of this Sublease and in the table of contents have been inserted for convenience of reference only and

claim which actually or potentially falls within the indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter.

21.16. Relationship of Parties. Sublandlord is not, and none of the provisions in this Sublease shall be deemed to render Sublandlord, a partner in Subtenant's business, or joint venturer or member in any joint enterprise with Subtenant. This Sublease is not intended nor shall it be construed to create any third party beneficiary rights in any third party, unless otherwise expressly provided. The granting of this Sublease by Sublandlord does not constitute authorization or approval by Sublandlord of any activity conducted by Subtenant on, in or relating to the Premises.

21.17. Recording. Subtenant agrees that it shall not record this Sublease nor any memorandum or short form hereof in the official records of any county.

21.18. Non-Liability of Indemnified Parties' Officials, Employees and Agents. No elective or appointive board, commission, member, officer or employee of any of the Indemnified Parties shall be personally liable to Subtenant, its successors and assigns, in the event of any default or breach by Sublandlord or for any amount which may become due to Subtenant, its successors and assigns, or for any obligation of Sublandlord under this Sublease.

21.19. No Discrimination. Subtenant shall comply with the non-discrimination provisions of Section 19.1 of the Master Lease, including, without limitation, posting all notices required therein.

21.20. Counterparts. This Sublease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

21.21. Master Landlord's Consent. This Sublease is expressly conditioned upon receipt of the written consent of Master Landlord.

22. SPECIAL PROVISIONS

22.1. Signs. Subtenant agrees that it will not erect or maintain, or permit to be erected or maintained, any signs, notices or graphics upon or about the Premises which are visible in or from public corridors or other portions of any common areas of the Premises or from the exterior of the Premises, without Sublandlord's prior written consent, which Sublandlord may withhold or grant in its sole discretion.

22.2. Public Transit Information. Subtenant shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Subtenant

employed on the Premises, including, without limitation, the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Premises and encouraging use of such facilities, all at Subtenant's sole expense.

22.3. TIHDI Job Broker. Subtenant shall comply with the requirements of the TIHDI Work Force Hiring Plan attached hereto as Exhibit F.

22.4. Local Hiring. Subtenant further agrees to use good faith efforts to hire residents of the City and County of San Francisco at all levels of Subtenant's personnel needs and to contract with local businesses for Subtenant's purchase of supplies, materials, equipment or services.

22.5. Non-Discrimination in City Contracts and Benefits Ordinance.

(a) **Covenant Not to Discriminate.** In the performance of this Sublease, Subtenant covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, weight, height or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with, Subtenant in any of Subtenant's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Subtenant.

(b) **Sub-Subleases and Other Subcontracts.** Subtenant shall include in all sub-subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to such sub-subtenant or other subcontractor in substantially the form of subsection (a) above. In addition, Subtenant shall incorporate by reference in all sub-subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all sub-subtenants and other subcontractors to comply with such provisions. Subtenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Sublease.

(c) **Non-Discrimination in Benefits.** Subtenant does not as of the date of this Sublease and will not during the Term, in any of its operations or in San Francisco or with respect to its operations under this Sublease elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) **HRC Form.** As a condition to this Sublease, Subtenant shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission (the "HRC"). Subtenant hereby represents that prior to execution of this Sublease, (i) Subtenant executed and submitted to the HRC Form HRC-12B-101 with supporting documentation; and (ii) the HRC approved such form.

(e) **Incorporation of Administrative Code Provisions by Reference.** The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Subtenant shall comply fully with and be bound by all of the provisions that apply to this Sublease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Subtenant understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of Fifty Dollars (\$50.00) for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Sublease may be assessed against Subtenant and/or deducted from any payments due Subtenant.

22.6. **MacBride Principles - Northern Ireland.** The City urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Subtenant acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

22.7. **Tropical Hardwood and Virgin Redwood Ban.** The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood product. Except as expressly permitted by the application of Section 802(b) and 803(b) of the San Francisco Environment Code, Subtenant shall not provide any items to the construction of tenant improvements or Alterations in the Premises, or otherwise in the performance of this Sublease, which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. In the event Subtenant fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Subtenant shall be liable for liquidated damages for each violation in an amount equal to Subtenant's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater.

22.8. **Conflicts of Interest.** Subtenant states that it is familiar with the provisions of Section 8.105 and 8.106 of the San Francisco Charter and certifies that it knows of no facts which would constitute a violation of such provisions. Subtenant further certifies that it has made a complete

disclosure to the Sublandlord of all facts bearing on any possible interests, direct or indirect, which Subtenant believes any officer or employee of the Sublandlord presently has or will have in this Sublease or in the performance thereof or in any portion of the profits thereof. Willful failure by Subtenant to make such disclosure, if any, shall constitute grounds for the Sublandlord's termination and cancellation of this Sublease.

22.9. Wages and Working Conditions. Subtenant agrees that any person performing labor in the construction of any tenant improvements and any Alterations to the Premises, which Subtenant provides under this Sublease, shall be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Subtenant shall include, in any contract for construction of such tenant improvements and Alterations, a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Subtenant shall require any contractor to provide, and shall deliver to Sublandlord upon request, certified payroll reports with respect to all persons performing labor in the construction of such tenant improvement work or any Alterations to the Premises.

22.10. Prohibition of Tobacco Advertising. Subtenant acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of Sublandlord or the City, including the Premises and the Property. This prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This prohibition does not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

22.11. Pesticide Prohibition. Subtenant shall comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "Pesticide Ordinance") which (i) prohibit the use of certain pesticides on City property, (ii) require the posting of certain notices and the maintenance of certain records regarding pesticide usage and (iii) require Subtenant to submit to Sublandlord an integrated pest management ("IPM") plan that (a) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Subtenant may need to apply to the Premises during the terms of this Sublease, (b) describes the steps Subtenant will take to meet the City's IPM Policy described in Section 300 of the Pesticide Ordinance and (c) identifies, by name, title, address and telephone number, an individual to act as Subtenant's primary IPM contact person with the City. In addition, Subtenant shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance.

22.12. First Source Hiring Ordinance. The City has adopted a First Source Hiring Ordinance (Board of Supervisors Ordinance No. 264 98) which establishes specific requirements, procedures and monitoring for first source hiring of qualified economically disadvantaged

individuals for entry level positions. Within thirty (30) days after Sublandlord adopts a First Source Hiring Implementation and Monitoring Plan in accordance with the First Source Hiring Ordinance, Subtenant shall enter into a First Source Hiring Agreement that meets the applicable requirements of Section 83.9 of the First Source Hiring Ordinance.

22.13. Sunshine Ordinance. In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between City departments and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

22.14. Conflicts of Interest. Through its execution of this Sublease, Subtenant acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provisions, and agrees that if Subtenant becomes aware of any such fact during the Term of this Sublease, Subtenant shall immediately notify Sublandlord.

22.15. Charter Provision. This Sublease is governed by and subject to the provisions of the Charter of the City and County of San Francisco.

22.16. Requiring Health Benefits for Covered Employees. Unless exempt, Subtenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Sublease as though fully set forth. The text of the HCAO is available on the web at www.dph.sf.ca.us/HCRes/Resolutions/2004Res/HCRes102004.shtml. Capitalized terms used in this Section and not defined in this Sublease shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee, Subtenant shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Subtenant chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(b) Notwithstanding the above, if Subtenant is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with Subsection (a) above.

(c) Subtenant's failure to comply with the HCAO shall constitute a material breach of this Sublease. Sublandlord shall notify Subtenant if such a breach has occurred. If, within thirty (30) days after receiving City's written notice of a breach of this Sublease for violating the HCAO, Subtenant fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Subtenant fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, Sublandlord shall have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to Sublandlord.

(d) Any Subcontract entered into by Subtenant shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Subtenant shall notify City's Purchasing Department when it enters into such a Subcontract and shall certify to the Purchasing Department that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Subtenant shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the Sublandlord may pursue the remedies set forth in this Section against Subtenant based on the Subcontractor's failure to comply, provided that Sublandlord has first provided Subtenant with notice and an opportunity to obtain a cure of the violation.

(e) Subtenant shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying Sublandlord with regard to Subtenant's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(f) Subtenant represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(g) Subtenant shall keep itself informed of the current requirements of the HCAO.

(h) Subtenant shall provide reports to Sublandlord in accordance with any reporting standards promulgated by Sublandlord under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

(i) Subtenant shall provide Sublandlord with access to records pertaining to compliance with the HCAO after receiving a written request from Sublandlord to do so and being provided at least five (5) business days to respond.

(j) Sublandlord may conduct random audits of Subtenant to ascertain its compliance with HCAO. Subtenant agrees to cooperate with Sublandlord when it conducts such audits.

(k) If Subtenant is exempt from the HCAO when this Sublease is executed because its amount is less than Twenty-Five Thousand Dollars (\$25,000) (or [Fifty Thousand Dollars (\$50,000) if Subtenant is a qualified nonprofit], but Subtenant later enters into an agreement or agreements that cause Subtenant's aggregate amount of all agreements with Sublandlord to reach Seventy-Five Thousand Dollars (\$75,000), all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Subtenant and the Contracting Department to be equal to or greater than Seventy-Five Thousand Dollars (\$75,000) in the fiscal year.

22.17. Notification of Limitations on Contributions. Through its execution of this Sublease, Subtenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for such contract until the termination of negotiations for such contract or three (3) months has elapsed from the date the contract is approved by the City elective officer, or the board on which that City elective officer serves. San Francisco Ethics Commission Regulation 1.126-1 provides that negotiations are commenced when a prospective contractor first communicates with a City officer or employee about the possibility of obtaining a specific contract. This communication may occur in person, by telephone or in writing, and may be initiated by the prospective contractor or a City officer or employee. Negotiations are completed when a contract is finalized and signed by the City and the contractor. Negotiations are terminated when the City and/or the prospective contractor end the negotiation process before a final decision is made to award the contract.

22.18. Preservation-Treated Wood Containing Arsenic. As of July 1, 2003, Subtenant may not purchase preservative-treated wood products containing arsenic in the performance of this Sublease unless an exemption from the requirements of Environment Code Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Subtenant may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment. This provision does not preclude Subtenant from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

22.19. Resource Efficient City Buildings and Pilot Projects. Subtenant acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 707 relating to resource-efficient City buildings and resource-efficient pilot projects. Subtenant

hereby agrees that it shall comply with all applicable provisions of such code sections.

22.20. Food Service Waste Reduction. Subtenant agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Sublease as though fully set forth. This provision is a material term of this Sublease. By entering into this Sublease, Subtenant agrees that if it breaches this provision, Sublandlord will suffer actual damages that will be impractical or extremely difficult to determine; further, Subtenant agrees that the sum of One Hundred Dollars (\$100.00) liquidated damages for the first breach, Two Hundred Dollars (\$200.00) liquidated damages for the second breach in the same year, and Five Hundred Dollars (\$500.00) liquidated damages for subsequent breaches in the same year is a reasonable estimate of the damage that Sublandlord will incur based on the violation, established in light of the circumstances existing at the time this Sublease was made. Such amounts shall not be considered a penalty, but rather agreed monetary damages sustained by Sublandlord because of Subtenant's failure to comply with this provision.

22.21. Estoppel Certificates. At any time and from time to time, within ten (10) days after Sublandlord's request, Subtenant will execute, acknowledge and deliver to Sublandlord a statement certifying the following matters: (a) the Commencement Date and Expiration Date of this Sublease; (b) that this Sublease is unmodified and in full force and effect (or if there have been modifications, that this Sublease is in full force and effect as modified and the date and nature of such modifications); (c) the dates to which the Rent has been paid; (d) that there are no Events of Default under this Sublease (or if there are any Events of Default, the nature of such Event of Default); and (e) any other matters reasonably requested by Sublandlord. Sublandlord and Subtenant intend that any such statement delivered pursuant to this paragraph may be relied upon by any assignee of Sublandlord's interest in the Master Lease or this Sublease, any mortgagee or any purchaser or prospective purchaser of the building or land on which the Premises are located. Subtenant irrevocably appoints Sublandlord, as Subtenant's agent, to execute and deliver in the name of Sublandlord any such instrument if Subtenant fails to do so, which failure shall also be an Event of Default under this Sublease.

22.22. Addendum. The terms of the Addendum, if any, attached to this Sublease are incorporated into the Sublease by reference. In the event of any inconsistency between the Sublease and the Addendum, the terms of the Addendum shall control.

Sublandlord and Subtenant have executed this Sublease in triplicate as of the date first written above.

SUBTENANT:

**TREASURE ISLAND YACHT CLUB,
a California non-profit corporation**

By: _____

Its: _____

SUBLANDLORD:

Treasure Island Development Authority

By: _____

Mirian Saez
Director of Island Operations

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____
Deputy City Attorney

Sublease Prepared By: Richard A. Rovetti, Leasing Manager _____
(initial)

EXHIBIT A

TREASURE ISLAND MARINA MASTER LEASE

EXHIBIT B

DIAGRAM OF PREMISES

EXHIBIT C

COVER PAGE OF THE SEISMIC REPORT

EXHIBIT D

RULES AND REGULATIONS

1. All rules and regulations set out in the Master Lease shall prevail.
2. No signs, advertisements, or notices shall be attached to, or placed on, the exterior or interior of the Building or elsewhere on the Property, without prior written approval of Sublandlord.
3. Subtenant's contractors and invitees, while on the Premises or Subtenant's parking area, shall be subject to these Rules and Regulations, and will be subject to direction from Sublandlord and its agents, but will not be an agent or contractor of the Sublandlord or its agents. Subtenant's contractors shall be licensed by the State, insured and bonded at the amount requested by the Sublandlord.
4. Subtenant shall install and maintain at Subtenant's expense, any life safety equipment required by governmental rules, regulations or laws to be kept on the Premises.

EXHIBIT E

STANDARD UTILITIES AND SERVICES AND RATES

Utilities Rate Schedule

<u>Utility Service</u>	<u>Rate</u>	<u>Unit</u>
Electric Rate	\$ 0.14	per kwh
Water Rate	\$ 5.40	per kgal
Sewer Rate	\$ 5.75	per kgal
Gas Rate	\$ 0.60	per therm

Rates are subject to adjustment.

Subtenant shall install utility Submeters to the satisfaction of Sublandlord.

Subtenant shall arrange for delivery of utility services to the premises by making a "Request for Utilities Services" by contacting:

San Francisco Public Utilities Commission
c/o Treasure Island Development Authority
410 Avenue of the Palms
Treasure Island
San Francisco, CA. 94130
Attn: Mr. Vic Zorzinsky
(415) 274-0333

EXHIBIT F

TIHDI WORKFORCE HIRING AGREEMENT





AGENDA ITEM 8C
Treasure Island Development Authority
City and County of San Francisco
Meeting of October 22, 2008

Subject: Resolution Retroactively Approving and Authorizing the Execution of a Sublease with Boys & Girls Clubs of San Francisco, Inc. for Buildings 33A and B at Former Treasure Island Elementary School – 401-13th Street for approximately 7,575 square feet of classroom space (*Action Item*)

Contact Marc McDonald, Facilities Manager
Phone 415-274-0382

BACKGROUND

The Boys & Girls Clubs of San Francisco, Inc. ("BGCSF"), a California nonprofit corporation, has operated a Club at the Treasure Island Elementary School since the summer of 2000. The Treasure Island Club is open 3pm to 7pm Monday through Friday during the school year, 8am to 6pm in the summer and during holiday breaks, and Saturdays once a month from 12:30pm to 5pm. The Treasure Island Club served over 200 children in the Calendar Year ending 2007 with an average daily attendance of 50 to 60 children. The facility has three full-time and two part-time staff members and three paid tutors. Core programs include daily homework completion and academic tutoring; literacy, math and science enhancement programs; financial literacy; community service and leadership clubs; sports instruction; inter-city sports leagues; nontraditional fitness activities; fine arts and crafts; age and gender specific health and life skills programs; social recreation and games; and technology.

Under the proposed Sublease, BGCSF is requesting a month-to-month term commencing retroactively on December 1, 2007 and expiring on November 30, 2008.

SUBLEASE TERMS AND CONDITIONS

BGCSF will sign the Authority's standard form Sublease document. The salient terms and conditions of the proposed Sublease include the following:

- Premises:** Approximately Seven Thousand Five Hundred and Seventy Five (7,575) square feet of classroom space located at Buildings 33 A and B at the Former Treasure Island Elementary School - 401 13th Street, Treasure Island, San Francisco, CA. as more particularly shown on Exhibit B, attached hereto including the improvements thereon.
- Location:** Former Treasure Island Elementary School - 401 13th Street, Treasure Island

Commencement Date: December 1, 2007

**Lease Expiration
Date:** November 30, 2008

Lease Term: Month-to-Month

Base Rent: Base Rent is waived. Subtenant will pay, as Additional Charges, \$587.00 per month as Subtenant's contribution for expenses paid or incurred by Sublandlord in connection with the ownership, operation, maintenance, repair and management of the common areas, including but not limited to the sidewalks, walkways, driveways, curbs, lighting systems and security services, throughout Treasure Island.

Use: General office and classroom use only and for no other purpose.

Security Deposit: Waived

PROPOSED MONTHLY BASE RENT

Under the Authority's Interim Subleasing Policy, the Minimum Rental Rate Schedule sets ranges of minimum sublease rental rates per square foot by type of use and facility for office and industrial space. Authority Staff reviews and analyzes available commercial data including market comparables of properties similarly situated to the Authority properties and evaluates the Authority transactions over the past 12 months to establish fair market value. The Authority Board last approved the Minimum Rental Rate Schedule in July 2007, by Resolution No. 07-54-07/11. However, when the appraisal was conducted, the former Treasure Island Elementary School was excluded from the properties being appraised because the school was under control of the San Francisco Unified School District.

BGCSF has requested a Sublease that would allow them to maintain and utilize the Premises as the Boys and Girls Clubhouse for Treasure Island youth and teens. Given the community benefits associated with the services and activities provided by BGCSF, BGCSF will be provided space on Treasure Island at no base rent, subject to the condition that BGCSF will assume all responsibility for maintenance and repairs, and participate in the contribution for expenses paid or incurred by the Authority in connection with the ownership, operation, maintenance, repair and management of the common areas, including but not limited to the sidewalks, walkways, driveways, curbs, lighting systems and security services, throughout Treasure Island. The Authority Board has previously agreed to this arrangement.

FINANCIAL IMPACT

Neither revenue, nor capital expenditures, were budgeted for Buildings 33 A and B at the Former Treasure Island Elementary School for FY 08-09. This transaction will have no impact on the FY 08-09 budget.

RECOMMENDATION

The Authority Staff recommends that the Authority Board of Directors retroactively approve the proposed Sublease with Boys & Girls Clubs of San Francisco, Inc., a California non-profit corporation, and authorize the Director of Island Operations or her designee to execute said Sublease for the rental of Buildings 33A and B, consisting of approximately 7,575 square feet at Former Treasure Island Elementary School on Treasure Island for a month-to-month term commencing retroactively on December 1, 2007 and expiring on November 30, 2008, and subject to the additional terms and conditions set forth above.

EXHIBIT A – Sublease between the Treasure Island Development Authority and the Boys & Girls Clubs of San Francisco, Inc.

Prepared by: Marc McDonald, Facilities Manager
For: Mirian Saez, Director of Island Operations



[Sublease with Boys & Girls Clubs of San Francisco]

Resolution Retroactively Approving and Authorizing the Execution of a Sublease with Boys & Girls Clubs of San Francisco, Inc. for Buildings 33A and B at Former Treasure Island Elementary School – 401-13th Street for approximately 7,575 square feet of classroom space.

WHEREAS, Former Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United States of America, acting by and through the Department of the Navy (the "Navy"); and,

WHEREAS, The Base was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, The Authority wishes to support the Boys & Girls Clubs of San Francisco ("BGCSF") in providing after-school and summer activities for school-aged youth on Treasure Island; and,

WHEREAS, BGCSF, a subtenant in good standing, provides services to San Francisco youth, families and other San Francisco citizens; and,

WHEREAS, BGCSF has requested a month-to-month Sublease for approximately Seven Thousand Five Hundred and Seventy Five (7,575) square feet of classroom space

located at Buildings 33 A and B at the Former Treasure Island Elementary School - 401 13th Street, Treasure Island, San Francisco, CA, commencing retroactively on December 1, 2007 and expiring on November 30, 2008; and,

WHEREAS, In lieu of Base Rent, BGCSF will pay, as Additional Charges, \$587.00 per month as BGCSF's contribution for expenses paid or incurred by the Authority in connection with the ownership, operation, maintenance, repair and management of the common areas, including but not limited to the sidewalks, walkways, driveways, curbs, lighting systems and security services, throughout Treasure Island; and,

WHEREAS, Although the Authority has not conducted an appraisal of the former Treasure Island Elementary School, Project Staff believes that the public and community benefits provided by BGCSF represents fair market value for this Sublease at this time; now, therefore, be it

RESOLVED, That the Board of Directors hereby retroactively approves the Sublease with Boys & Girls Clubs of San Francisco, Inc. for Buildings 33A and B at Former Treasure Island Elementary School – 401-13th Street for approximately 7,575 square feet of classroom space on Treasure Island and authorizes the Director of Island Operations or her designee to execute said Sublease in substantially the form attached hereto as Exhibit A; and be it

FURTHER RESOLVED, That the Board of Directors hereby finds that (i) entering into the Sublease will serve the goals of the Authority, and the public interests of the City, and (ii) the terms and conditions of the Sublease are economically reasonable; and be it

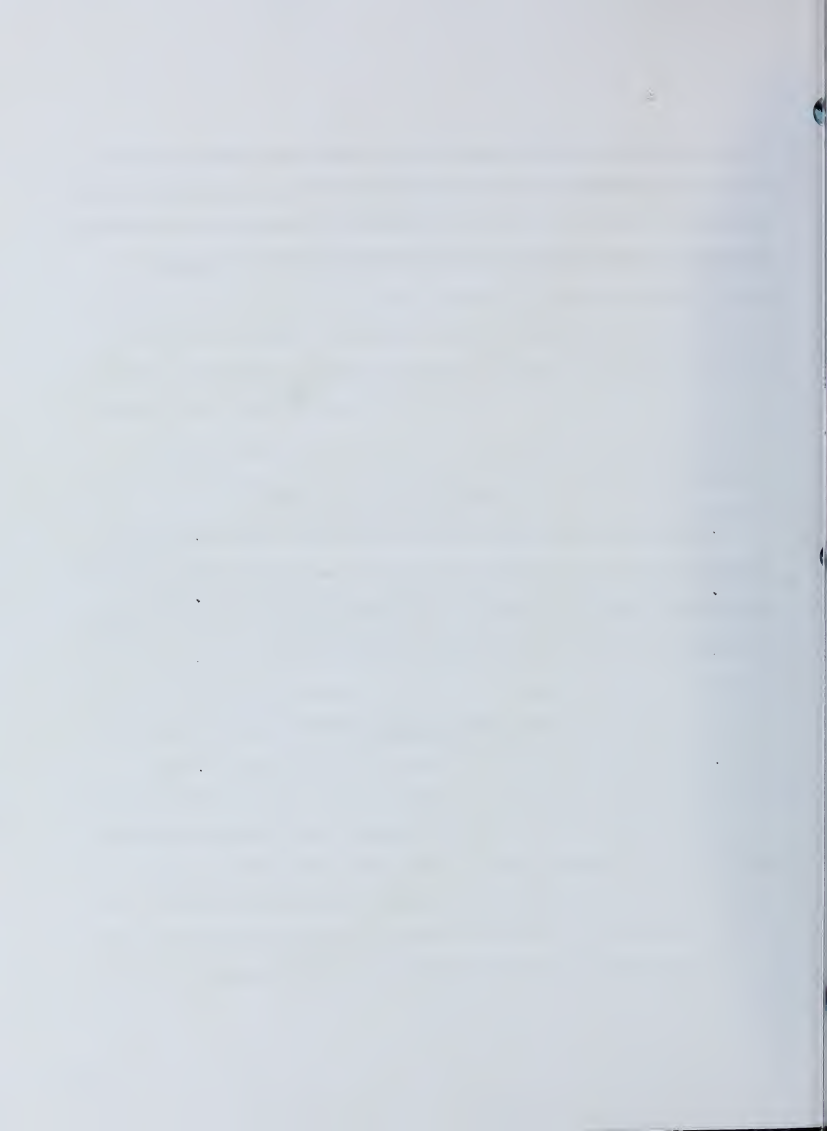
FURTHER RESOLVED, That the Board of Directors hereby authorizes the Director of Island Operations to enter into any additions, amendments or other modifications to the Sublease that the Director of Island Operations determines in consultation with the City Attorney are in the best interests of the Authority, that do not materially increase the

obligations or liabilities of the Authority, that do not materially reduce the rights of the Authority, and are necessary or advisable to complete the preparation and approval of the Sublease, such determination to be conclusively evidenced by the execution and delivery by the Director of Island Operations of the documents and any amendments thereto.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on October 22, 2008.

John Elberling, Secretary



ITEM 8C EXHIBIT A

SUBLEASE No. 24

between

TREASURE ISLAND DEVELOPMENT AUTHORITY

as Sublandlord

and

BOYS & GIRLS CLUBS OF SAN FRANCISCO, INC.

a California non-profit corporation

as Subtenant

For the Sublease of

Buildings 33A and B

at Former Treasure Island Elementary School – 401 13th Street

Treasure Island Naval Station
San Francisco, California

December 1, 2007

TREASURE ISLAND SUBLEASE

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TREASURE ISLAND SUBLEASE

THIS SUBLEASE (the "Sublease"), dated for reference purposes only as of December 1, 2007, is by and between the TREASURE ISLAND DEVELOPMENT AUTHORITY, a California public benefit corporation ("Sublandlord"), and BOYS & GIRLS CLUBS OF SAN FRANCISCO, INC., a California non-profit corporation ("Subtenant"). From time to time, Sublandlord and Subtenant together shall be referred to herein as the "Parties".

This Sublease is made with reference to the following facts and circumstances:

A. The United States of America, acting by and through the Department of Navy ("Master Landlord") and Sublandlord entered into a lease dated November 19, 1998, as amended from time to time (the "Master Lease"), a copy of which is attached hereto as Exhibit A. Under the Master Lease, the Master Landlord leased to Sublandlord certain real property located on Treasure Island Naval Station (the "Property"), as more particularly described in the Master Lease.

B. Subtenant desires to sublet from Sublandlord, and Sublandlord is willing to sublet to Subtenant, a portion of the Property on the terms and conditions contained in this Sublease.

NOW THEREFORE, Sublandlord and Subtenant hereby agree as follows:

1. BASIC SUBLEASE INFORMATION

The following is a summary of basic sublease information (the "Basic Sublease Information"). Each item below shall be deemed to incorporate all of the terms of this Sublease pertaining to such item. In the event of any conflict between the information in this Section and any more specific provision of this Sublease, the more specific provision shall control.

Sublease Reference Date: December 1, 2007

Sublandlord: TREASURE ISLAND DEVELOPMENT
AUTHORITY, a California public benefit
corporation

Subtenant: BOYS & GIRLS CLUBS OF SAN
FRANCISCO, INC., a California non-profit
corporation

Subleased Premises (Section 2.1):	Approximately Seven Thousand Five Hundred and Seventy Five (7,575) square feet of classroom space located at Buildings 33 A and B at the Former Treasure Island Elementary School - 401 13 th Street, Treasure Island, San Francisco, CA., as more particularly shown on <u>Exhibit B</u> , attached hereto including the improvements thereon.
Facility:	Former Treasure Island Elementary School - 401 13 th Street, Treasure Island
Term: (Section 4.1):	Commencement date: December 1, 2007 Expiration date: November 30, 2008 Notwithstanding anything in this Sublease to the contrary, either Sublandlord or Subtenant, in its sole discretion, may terminate this Sublease for any reason upon delivery of not less than thirty (30) days' prior written notice to the other party.
Base Rent (Section 5.1):	Base Rent is waived. Subtenant will pay, as Additional Charges, \$587.00 per month as Subtenant's contribution for expenses paid or incurred by Sublandlord in connection with the ownership, operation, maintenance, repair and management of the common areas, including but not limited to the sidewalks, walkways, driveways, curbs, lighting systems and security services, throughout Treasure Island.
Rent Adjustment Date(s) (Section 5.2):	Not Applicable
Rent Increase Percentage (Section 5.2):	Not Applicable
Use (Section 7.1):	General office and classroom use only and for no other purpose.
Repair Amount (Section 13.1):	Ten Thousand Dollars (\$10,000)
Security Deposit (Section 19.3):	Waived

Notice Address of Sublandlord (Section 21.1): Treasure Island Development Authority
Treasure Island Project Office
410 Avenue of Palms
Building 1, 2nd Floor
Treasure Island
San Francisco, CA 94130
Attn: Mirian Saez
Director of Island Operations
Fax No.: 415-274-0299

with a copy to:

Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Attn: Eileen M. Malley
Fax No.: (415) 554-4755

Notice Address of Subtenant (Section 21.1): Boys & Girls Clubs of San Francisco
1950 Page Street
San Francisco, CA. 94117

Attn: Maxine Wilson

Phone No. (415) 693-0264
Fax No. (415) 445-5402

Notice Address of Master Landlord (Section 21.1): Department of The Navy
Base Realignment and Closure
Program Management Office West
1455 Frazee Road, Suite 900
San Diego, CA 92108-4310
Fax #: (619) 532-9858

2. PREMISES

2.1. Subleased Premises. Subject to the terms, covenants and conditions of this Sublease, Sublandlord subleases to Subtenant the Premises. Subtenant shall have the non-exclusive right to use, together with other subtenants in the Facility, the lobbies, corridors, elevators, stairways and other public areas of the Facility and the Property (collectively, the "Common Areas"), and the non-exclusive right of access to and from the Premises by the main entrances to the Facility

the Premises, (iv) the feasibility, cost or legality of constructing any Alterations on the Premises if required for Subtenant's use and permitted under this Sublease, (v) the safety of the Premises, whether for the use by Subtenant or any other person, including Subtenant's Agents or Subtenant's clients, customers, vendors, invitees, guests, members, licensees, assignees or subtenants ("Subtenant's Invitees"), or (vi) any other matter whatsoever relating to the Premises or their use, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose.

(c) **Seismic Report.** Without limiting Section 2.2(b) above, Subtenant expressly acknowledges for itself and Subtenant's Agents that it received and read that certain report dated August 1995, entitled "*Treasure Island Reuse Plan: Physical Characteristics, Building and Infrastructure Conditions,*" prepared for the Office of Military Base Conversion, Department of City Planning, and the Redevelopment Agency of the City and County of San Francisco (the "Seismic Report"), a copy of the cover page of which is attached hereto as Exhibit C. Subtenant has had an adequate opportunity to review the Seismic Report with expert consultants of its own choosing. The Seismic Report, among other matters, describes the conditions of the soils of the Property and points out that in the area of the Property where the Premises are located, an earthquake of magnitude 7 or greater is likely to cause the ground under and around the Premises to spread laterally to a distance of ten (10) or more feet and/or result in other risks. In that event, there is a significant risk that any structures or improvements located on or about the Premises, may fail structurally and collapse.

3. COMPLIANCE WITH MASTER LEASE

3.1. **Incorporation by Reference.** All of the terms and conditions of the Master Lease are hereby incorporated by reference into this Sublease as if fully set forth herein.

3.2. **Performance of Master Landlord's Obligations.** Sublandlord does not assume the obligations of Master Landlord under the Master Lease. With respect to work, services, repairs, restoration, the provision of utilities or HVAC services, or the performance of any other obligations required of Master Landlord under the Master Lease, Sublandlord's sole obligation with respect thereto shall be to request the same, on request in writing by Subtenant, and to use reasonable efforts to obtain the same from Master Landlord. Subtenant shall cooperate with Sublandlord as may be required to obtain from Master Landlord any such work, services, repairs, repainting, restoration, the provision of utilities or HVAC services, or the performance of any of Master Landlord's obligations under the Master Lease.

3.3. **Conflict.** If any of the provisions of this Sublease conflict with any portion of the Master Lease as incorporated herein, then the terms of the Master Lease shall govern.

3.4. **Compliance with Master Lease.** Subtenant shall not do or permit to be done anything which would constitute a violation or a breach of any of the terms, conditions or provisions of the Master Lease or which would cause the Master Lease to be terminated or forfeited by virtue of

any rights of termination reserved by or vested in the Master Landlord.

4. TERM

4.1. Term of Sublease. The term of this Sublease (the "Term") shall commence on the Commencement Date set forth in the Basic Sublease Information, and expire on the Expiration Date set forth in the Basic Sublease Information, unless sooner terminated pursuant to the terms of this Sublease.

4.2. Effective Date. This Sublease shall become effective on the date (the "Effective Date") upon the later of (i) the Parties' execution and delivery of this Sublease, (ii) Sublandlord's Board of Director's approval of this Sublease at a duly noticed meeting, if such approval is required, or (iii) the Commencement Date.

4.3. Automatic Termination. If the Master Lease terminates for any reason whatsoever, this Sublease shall automatically terminate and the Parties shall thereafter be relieved from all liabilities and obligations under this Sublease, except for liabilities and obligations which expressly survive termination of this Sublease. Subtenant acknowledges and agrees that it has reviewed the Master Lease, is aware of the circumstances upon which the Master Lease may be terminated and hereby assumes all risks associated with the automatic termination of this Sublease because of the termination of the Master Lease.

4.4. Termination by Sublandlord. Subtenant's period of occupancy of the Premises is subject to Sublandlord's right to terminate this Sublease as provided herein at such time as Sublandlord determines, in its sole discretion, that the Premises are needed in connection with a Sublandlord program or project. As used herein, "Sublandlord program or project" shall mean any development or renovation, by public and/or private parties, of the building or land in or on which the Premises are located. In the event of any such development or renovation, Sublandlord shall have the right to terminate this Sublease without liability or expense upon delivery to Subtenant of thirty (30) days prior written notice of such termination. Subtenant agrees and shall be required to surrender possession of the Premises by the end of such thirty (30) day period.

4.5. No Relocation Assistance; Waiver of Claims. Subtenant acknowledges that it will not be a displaced person as that term is defined under the California Government Code Section 7260 et seq. ("California Relocation Act") and the Uniform Relocation Assistance and Real Property Policies Act, 42 U.S. C. 4601 et seq. ("URA"), and that Subtenant will not be entitled to any relocation benefits provided under the California Relocation Act and the URA, including any moving expenses, reimbursement for costs associated with increased rent, loss of goodwill or other costs related to the termination of Subtenant's Lease and Subtenant's relocation from the Premises. Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims against, and covenants not to sue, Sublandlord, its departments, commissions, officers,

directors and employees, agents, contractors and successors and assigns and all persons acting by, through or under each of them, under any laws, including, without limitation, any and all claims for relocation benefits or assistance from Sublandlord under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260, et seq., and the Uniform Relocation Assistance and Real Property Acquisition Policies Act, 42 U.S.C. 4601, et seq.).

Initials: _____ Subtenant

5. RENT

5.1. **Base Rent.** Throughout the Term, beginning on the Commencement Date, Subtenant shall pay to Sublandlord Base Rent in the amount set forth in the Basic Sublease Information. Base Rent shall be paid to Sublandlord without prior demand and without any deduction, setoff, or counterclaim whatsoever. Base Rent shall be payable on or before the first day of each month, in advance, at the Notice Address of Sublandlord provided in Section 21.1 hereof or such other place as Sublandlord may designate in writing. If the Commencement Date occurs on a date other than the first day of a calendar month, or the Sublease terminates on a day other than the last day of a calendar month, then the monthly payment of Base Rent for such fractional month shall be prorated based on a thirty (30) day month.

5.2. **Adjustments in Base Rent.** If this Sublease has not been terminated, then on each Rent Adjustment Date set forth in the Basic Sublease Information, the Base Rent shall be increased by the Rent Increase Percentage set forth in the Basic Lease Information.

5.3. **Additional Charges.** In addition to Base Rent, Subtenant shall pay all other charges related to the Premises otherwise payable by Subtenant to Sublandlord hereunder, including, without limitation, all late charges and default interest attributable to late payments and/or defaults of Subtenant hereunder, all utility charges, and any amounts other than Base Rent that shall become due and payable by Subtenant under this Sublease (together, the "Additional Charges"). Together, Base Rent and Additional Charges shall hereinafter be referred to as the "Rent".

5.4. **Late Charge.** If Subtenant fails to pay any Rent within ten (10) days after the date the same is due and payable, such unpaid amount will be subject to a late payment charge equal to six percent (6%) of the unpaid amount in each instance. The late payment charge has been agreed upon by Sublandlord and Subtenant, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that Sublandlord will incur as a result of any such failure by Subtenant, the actual costs thereof being extremely difficult if not impossible to determine. The late payment charge constitutes liquidated damages to compensate Sublandlord for its damages resulting from such failure to pay and Subtenant shall promptly pay such charge to Sublandlord together with such unpaid amount.

5.5. **Default Interest.** If any Rent is not paid within ten (10) days following the due date, such unpaid amount shall bear interest from the due date until paid at the rate of ten percent (10%) per year. However, interest shall not be payable on late charges incurred by Subtenant nor on any amounts on which late charges are paid by Subtenant to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Subtenant.

6. TAXES, ASSESSMENTS AND OTHER EXPENSES

6.1. **Taxes and Assessments, Licenses, Permit Fees and Liens.**

(a) **Payment Responsibility.** Subtenant shall pay any and all real and personal property taxes, including, but not limited to, possessory interest taxes, general and special assessments, excises, licenses, permit fees and other charges and impositions of every description levied on or assessed against the Premises, any Alterations, Subtenant's Personal Property, or Subtenant's use of the Premises or any Alterations during the Term. Subtenant shall make all such payments directly to the charging authority when due and payable and at least ten (10) days prior to delinquency. However, with respect to real property taxes and assessments levied on or assessed against the Premises for which Sublandlord receives the tax bill directly from the taxing authority, Subtenant shall reimburse Sublandlord for payment of such sums immediately upon demand.

(b) **Taxability of Possessory Interest.** Without limiting the foregoing, Subtenant recognizes and agrees that this Sublease may create a possessory interest subject to property taxation and that Subtenant may be subject to the payment of property taxes levied on such interest.

(c) **No Liens.** Subtenant shall not allow or suffer a lien for any taxes payable by Subtenant hereunder to be imposed upon the Premises or upon any equipment or other property located thereon without discharging the same as soon as practicable, and in no event subsequent to delinquency.

(d) **Reporting Information.** Subtenant agrees to provide such information as Sublandlord may request to enable Sublandlord to comply with any possessory interest tax reporting requirements applicable to this Sublease.

6.2. **Evidence of Payment.** Subtenant shall, upon Sublandlord's request, furnish to Sublandlord within ten (10) days after the date when any charges are due and payable, official receipts of the appropriate taxing authority or other evidence reasonably satisfactory to Sublandlord, evidencing payment thereof.

7. USE; COVENANTS TO PROTECT PREMISES

7.1. **Subtenant's Permitted Use.** Subtenant may use the Premises for the Permitted Use set

forth in the Basic Sublease Information, but for no other purpose without the prior written consent of Sublandlord, which consent may be given or withheld in Sublandlord's sole and absolute discretion.

7.2. Subtenant's Access to the Premises. As provided in Section 30 of the Master Lease, Subtenant shall have access to the Premises on a 24-hours per day, seven days a week basis; provided, however, Subtenant shall coordinate such access with the local representative of Master Landlord.

7.3. Rules and Regulations. Subtenant agrees to adhere to all rules and regulations regarding the Premises attached hereto as Exhibit D, and any additional rules regarding security, ingress, egress, safety and sanitation applicable to the Premises or the Property, as such rules and regulations may be prescribed by Master Landlord or Sublandlord from time to time.

7.4. Easements. This Sublease shall be subject to all outstanding easements and rights-of-way for location of any type of facility over, across, in, and upon the Premises or any portion thereof, and to the right of Master Landlord to grant such additional easements and rights-of-way over, across, in and upon the Premises as Master Landlord shall determine to be in the public interest ("Additional Easements"); provided that, as provided in Section 29 of the Master Lease, Master Landlord shall use its best efforts to minimize any interference with Subtenant's operations hereunder caused by the granting of any such Additional Easements and the granting of such Additional Easements shall be conditioned on the assumption by the grantee thereof of liability to Subtenant for such damages as Subtenant shall suffer for property destroyed or property rendered unusable on account of the grantee's exercise of its rights thereunder. There is hereby reserved to the holders of such Additional Easements as are presently outstanding or which may hereafter be granted, to any workers officially engaged in the construction, installation, maintenance, operation, repair or replacement of facilities located thereon, and to any federal, state or local official engaged in the official inspection thereof, such reasonable rights of ingress and egress over the Premises as shall be necessary for the performance of their duties with regard to such facilities.

7.5. No Interference with Navy Operations. Subtenant shall not conduct operations, nor make any Alterations (as defined below), that would interfere with or otherwise restrict Master Landlord's operations or environmental clean-up or restoration actions by the Master Landlord, Sublandlord, the Environmental Protection Agency, the State of California or their contractors. Environmental clean-up, restoration or testing activities by these Parties shall take priority over Subtenant's use of the Premises in the event of any conflict; provided, however, in such event, Master Landlord and Sublandlord shall use their best efforts to minimize any disruption of Subtenant's operation.

7.6. No Unlawful Uses, Nuisances or Waste. Without limiting the foregoing, Subtenant shall not use, occupy or permit the use or occupancy of any of the Premises in any unlawful manner or for any illegal purpose, or permit any offensive, noisy or hazardous use or any waste

on or about the Premises. Subtenant shall eliminate any nuisances or hazards relating to its activities on or about the Premises. Subtenant shall not conduct any business, place any sales display, or advertise in any manner in areas on or about the Property outside of the Premises.

8. ALTERATIONS

8.1. Alterations. Subtenant shall not construct, install, make or permit to be made any alterations, installations or additions ("Alterations") in, to or about the Premises, without Sublandlord's prior written consent in each instance, which consent may given or withheld in Sublandlord's sole and absolute discretion. Subject to Sublandlord's consent as provided above, any Alterations shall be done at Subtenant's sole expense (i) in strict accordance with plans and specifications approved in advance by Sublandlord in writing, (ii) by duly licensed and bonded contractors or mechanics approved by Sublandlord, (iii) in a good and professional manner, (iv) in strict compliance with all Laws, and (v) subject to all other conditions that Sublandlord may reasonably impose. In no event shall the construction, installation or the making of any Alterations impair the use or operation of the Property, or any portion thereof, or Sublandlord's or Master Landlord's access thereto. Prior to the commencement of any work on the Premises to construct any Alterations, Subtenant, at its sole expense, shall procure all required permits and approvals and shall promptly upon receipt deliver copies of all such documents to Sublandlord. No material change from the plans and specifications for any Alterations approved by Sublandlord may be made without Sublandlord's prior consent. Sublandlord and Sublandlord's Agents shall have the right to inspect the course of construction on the Premises at all times.

8.2. Historic Properties. Without limiting the generality of the foregoing, Subtenant acknowledges and agrees that, pursuant to Section 15 of the Master Lease, no Alterations may be made to any improvements on the Premises (i) which will affect the historic characteristics of the improvements or modify the appearance of the exterior of the improvements without Master Landlord's and Sublandlord's prior written consent, or (ii) if such Alterations would preclude qualifying the improvements for inclusion on the National Register for Historic Places.

8.3. Ownership of Alterations. Any Alterations constructed on or affixed to the Premises by or on behalf of Subtenant pursuant to the terms and limitations of this Section 8 shall be and remain Subtenant's property during the Term. Upon the termination of this Sublease, Subtenant shall remove all such Alterations from the Premises in accordance with the provisions of Section 19 hereof, unless Sublandlord, at its sole option and without limiting any of the provisions of Section 8.1 above, requires that such Alterations remain on the Premises following the expiration or termination of this Sublease.

8.4. Subtenant's Personal Property. All furniture, furnishings and articles of movable personal property and equipment used upon or installed in the Premises by or for the account of Subtenant that can be removed without structural or other material damage to the Premises (all of which are herein called "Subtenant's Personal Property") shall be and remain the property of Subtenant and shall be removed by Subtenant, subject to the provisions of Section 19 hereof.

Subtenant shall be solely responsible for providing any security or other protection of or maintenance to Subtenant's Personal Property.

8.5. **Sublandlord's Alterations.** Sublandlord reserves the right at any time to make alterations, additions, repairs, deletions or improvements to the common areas or any other part of the improvements on the Premises; provided, that any such alterations or additions shall not materially adversely affect the functional utilization of the Premises for the purposes stated herein.

9. REPAIRS AND MAINTENANCE

9.1. **Subtenant Responsible for Maintenance and Repair.** Subtenant assumes full and sole responsibility for the condition, operation, repair and maintenance and management of the Premises from and after the Commencement Date and shall keep the Premises in good condition and repair. Sublandlord shall not be responsible for the performance of any repairs, changes or alterations to the Premises, nor shall Sublandlord be liable for any portion of the cost thereof. Subtenant shall make all repairs and replacements, interior and exterior, structural as well as non-structural, ordinary as well as extraordinary, foreseen and unforeseen, which may be necessary to maintain the Premises at all times in a clean, safe, attractive and sanitary condition and in good order and repair, to Sublandlord's and Master Landlord's reasonable satisfaction, provided, however, that neither Subtenant nor Sublandlord shall be required to make structural repairs or Alterations to correct conditions affecting the Premises existing prior to the Commencement Date. If any portion of the Premises is damaged by any activities conducted by Subtenant or Subtenant's Agents or Subtenant's Invitees hereunder, Subtenant shall immediately, at its sole cost, repair all such damage and restore the Premises to its previous condition.

9.2. **Utilities.** Sublandlord shall provide the basic utilities and services described in the attached Exhibit E (the "Standard Utilities and Services") to the Premises, subject to the terms and conditions contained therein. Subtenant shall be responsible for furnishing, at its sole cost, any utilities or services other than or in excess of the Standard Utilities and Services that Subtenant may need for its use of the Premises. Subtenant shall pay, without set off or counterclaim, all amounts due and owing for such Standard Utilities and Services at the rates provided in and as otherwise set forth in Exhibit E.

9.3. **Landscaping.** Subtenant shall maintain the exterior landscaping of the Premises in good condition and repair.

9.4. **Janitorial Services.** Subtenant shall provide all janitorial services for the Premises.

9.5. **Pest Control.** Subtenant shall provide and pay for all pest control services required within the Premises, and shall keep the Premises free of all pests at all times.

9.6. **Trash.** Subtenant shall deposit all trash into designated containers in the Premises in

compliance with the Rules and Regulations attached hereto as Exhibit D. Subtenant shall pay for the removal of trash from the designated containers. Subtenant shall abide by all rules established by Sublandlord or Master Landlord for the handling of trash.

9.7. No Right to Repair and Deduct. Subtenant expressly waives the benefit of any existing or future Laws or judicial or administrative decision that would otherwise permit Subtenant to make repairs or replacements at Sublandlord's expense, or to terminate this Sublease because of Sublandlord's failure to keep the Premises or any part thereof in good order, condition or repair, or to abate or reduce any of Subtenant's obligations hereunder on account of the Premises or any part thereof being in need of repair or replacement. Without limiting the foregoing, Subtenant expressly waives the provisions of California Civil Code Sections 1932, 1941 and 1942 or any similar Laws with respect to any right of Subtenant to terminate this Sublease and with respect to any obligations of Sublandlord hereunder or any right of Subtenant to make repairs or replacements and deduct the cost thereof from Rent.

10. LIENS

10.1. Liens. Subtenant shall keep the Premises free from any liens arising out of any work performed, material furnished or obligations incurred by or for Subtenant. In the event Subtenant does not, within five (5) days following the imposition of any such lien, cause the lien to be released of record by payment or posting of a proper bond, Sublandlord shall have in addition to all other remedies provided herein and by law or equity the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including, but not limited to, payment of the claim giving rise to such lien. All such sums paid by Sublandlord and all expenses it incurs in connection therewith (including, without limitation, reasonable attorneys' fees) shall be payable to Sublandlord by Subtenant upon demand. Sublandlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law or that Sublandlord deems proper for its protection and protection of the Premises from mechanics' and materialmen's liens. Subtenant shall give Sublandlord at least fifteen (15) days' prior written notice of the commencement of any repair or construction on any of the Premises.

11. COMPLIANCE WITH LAWS

11.1. Compliance with Laws. Subtenant shall promptly, at its sole expense, maintain the Premises and Subtenant's use and operations thereon in strict compliance at all times with all present and future Laws, whether foreseen or unforeseen, ordinary as well as extraordinary; provided, however Subtenant shall not be required to make repairs or structural changes to the Premises required solely to correct conditions affecting the Premises existing prior to the Commencement Date or not related to Subtenant's use of the Premises, unless the requirement for such changes is imposed as a result of any Alterations made or requested to be made by Subtenant. Such Laws shall include, without limitation, all Laws relating to health and safety and disabled accessibility including, without limitation, the Americans with Disabilities Act, 42 U.S.C. §§ 12101 et seq. and Title 24 of the California Code of Regulations, all present and future

Environmental Laws (as defined in this Sublease below), and all applicable provisions of the San Francisco Environment Code. No occurrence or situation arising during the Term, nor any present or future Law, whether foreseen or unforeseen, and however extraordinary, shall give Subtenant any right to seek redress against Sublandlord for failing to comply with any Laws. Subtenant waives any rights now or hereafter conferred upon it by any existing or future Law to compel Sublandlord to make any repairs to comply with any such Laws, on account of any such occurrence or situation.

11.2. Regulatory Approvals.

(a) **Responsible Party.** Subtenant understands and agrees that Subtenant's use of the Premises and construction of any Alterations permitted hereunder may require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises. Subtenant shall be solely responsible for obtaining any and all such regulatory approvals, including without limitation, any liquor permits or approvals. Subtenant shall not seek any regulatory approval without first obtaining the written consent of Sublandlord. Subtenant shall bear all costs associated with applying for, obtaining and maintaining any necessary or appropriate regulatory approval and shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval. Any fines or penalties levied as a result of Subtenant's failure to comply with the terms and conditions of any regulatory approval shall be immediately paid and discharged by Subtenant, and Sublandlord shall have no liability, monetary or otherwise, for any such fines or penalties. Subtenant shall indemnify, protect, defend and hold harmless forever ("Indemnify") Sublandlord, City and Master Landlord, including, but not limited to, all of their respective officers, directors, employees, agents, affiliates, subsidiaries, licensees, contractors, boards, commissions, departments, agencies and other subdivisions and each of the persons acting by, through or under each of them, and their respective heirs, legal representatives, successors and assigns, and each of them (the "Indemnified Parties"), against any and all claims, demands, losses, liabilities, damages, liens, injuries, penalties, fines, lawsuits and other proceedings, judgments and awards and costs and expenses, including, without limitation, reasonable attorneys' and consultants' fees and costs ("Losses") arising in connection with Subtenant's failure to obtain or comply with the terms and conditions of any regulatory approval.

11.3. Compliance with Sublandlord's Risk Management Requirements. Subtenant shall not do anything, or permit anything to be done, in or about the Premises or to any Alterations permitted hereunder that would create any unusual fire risk, and shall take commercially reasonable steps to protect Sublandlord from any potential premises liability. Subtenant shall faithfully observe, at its expense, any and all reasonable requirements of Sublandlord's Risk Manager with respect thereto and with the requirements of any policies of commercial general liability, all risk property or other policies of insurance at any time in force with respect to the Premises and any Alterations as required hereunder.

12. ENCUMBRANCES

12.1. Encumbrance By Subtenant. Notwithstanding anything to the contrary contained in this Sublease, Subtenant shall not under any circumstances whatsoever create any mortgage, deed of trust, assignment of rents, fixture filing, security agreement, or similar security instrument, or other lien or encumbrance or assignment or pledge of an asset as security in any manner against the Premises or Sublandlord's or Subtenant's interest under this Sublease.

13. DAMAGE OR DESTRUCTION

13.1. Damage or Destruction to the Premises. In the case of damage to or destruction of the Premises by earthquake, fire, flood or any other casualty, which (i) is not caused by Subtenant or Subtenant's Agents or Subtenant's Invitees, (ii) is not covered by the insurance described in Section 17 below, (iii) prevents Subtenant from operating the Premises for the purposes stated herein, and (iv) costs more to repair than the Repair amount set forth in the Basic Lease Information, either party may terminate this Sublease upon thirty (30) days prior written notice and upon any such termination Subtenant shall surrender the Premises in accordance with Section 19 (except for damage caused by a casualty pursuant to which this Sublease may be terminated under this Section 13.1) and both Parties shall be relieved of any liability for such termination or for repairing such damage. If neither Party terminates this Sublease as provided in this Section 13.1, then Subtenant shall, at its sole cost, promptly restore, repair, replace or rebuild the Premises to the condition the Premises were in prior to such damage or destruction, subject to any Alterations made in strict accordance with the requirements of Section 8.1 above. Under no circumstances shall Sublandlord have any obligation to repair, replace or rebuild the Premises in the event of a casualty.

13.2. No Abatement in Rent. In the event of any damage or destruction to the Premises, and if neither party terminates this Sublease as provided in Section 13.1 above, there shall be no abatement in the Rent payable hereunder.

13.3. Waiver. The Parties understand and agree that the foregoing provisions of this Section are intended to govern fully the rights and obligations of the Parties in the event of damage or destruction to the Premises or Alterations, and Sublandlord and Subtenant each hereby waives and releases any right to terminate this Sublease in whole or in part under Sections 1932.2 and 1933.4 of the Civil Code of California or under any similar Laws now or hereafter in effect, to the extent such rights are inconsistent with the provisions hereof.

14. ASSIGNMENT AND SUBLETTING

14.1. Restriction on Assignment and Subletting. Subtenant shall not directly or indirectly (including, without limitation, by merger, acquisition or other transfer of any controlling interest in Subtenant), voluntarily or by operation of Law, sell, assign, encumber, pledge, sublease or otherwise transfer any part of its interest in or rights with respect to the Premises, any Alterations or its interest in this Sublease, or permit any portion of the Premises to be occupied by anyone

other than itself, or sublet any portion of the Premises (a "Transfer"), without Sublandlord's prior written consent in each instance, which Sublandlord may grant or withhold in its sole and absolute discretion. Subtenant shall provide Sublandlord with a written notice of its intention to Transfer this Sublease or the Premises, together with a copy of the proposed Transfer agreement at least thirty (30) days prior to the commencement date of the proposed Transfer. Subtenant shall provide Sublandlord with such information regarding the proposed Transfer as Sublandlord may reasonably request.

14.2. Bonus Rental. If Sublandlord consents to a Transfer of any of Subtenant's interest in or rights with respect to the Premises pursuant to Section 14.1 above, then one hundred percent (100%) of any rent or other consideration payable to Subtenant in excess of the Base Rent payable hereunder (or the proportionate share thereof applicable to the portion of the Premises that is subject to the Transfer) shall be paid to Sublandlord immediately upon receipt by Subtenant.

15. DEFAULT; REMEDIES

15.1. Events of Default. Any of the following shall constitute an event of default ("Event of Default") by Subtenant hereunder:

(a) **Failure to Pay Rent.** Any failure to pay any Rent or any other sums due hereunder, including sums due for utilities, within five (5) days after such sums are due;

(b) **Covenants, Conditions and Representations.** Any failure to perform or comply with any other covenant, condition or representation made under this Sublease; provided, Subtenant shall have a period of ten (10) days from the date of written notice from Sublandlord of such failure within which to cure such default under this Sublease, or, if such default is not capable of cure within such 10-day period, Subtenant shall have a reasonable period to complete such cure if Subtenant promptly undertakes action to cure such default within such 10-day period and thereafter diligently prosecutes the same to completion and uses its best efforts to complete such cure within sixty (60) days after the receipt of notice of default from Sublandlord;

(c) **Vacation or Abandonment.** Any abandonment of the Premises for more than fourteen (14) consecutive days;

(d) **Bankruptcy.** The appointment of a receiver to take possession of all or substantially all of the assets of Subtenant, or an assignment by Subtenant for the benefit of creditors, or any action taken or suffered by Subtenant under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute, whether now existing or hereafter amended or enacted; and

(e) **Notices of Default.** The delivery to Subtenant of three (3) or more notices of default within any twelve (12) month period, irrespective of whether Subtenant actually cures such

default within the specified time period, may, in the sole and absolute discretion of the Authority, be deemed an incurable breach of this Sublease allowing the Authority to immediately terminate this Sublease without further notice or demand to Subtenant.

15.2. Remedies. Upon the occurrence of an Event of Default by Subtenant, Sublandlord shall have the following rights and remedies in addition to all other rights and remedies available to Sublandlord at Law or in equity:

(a) **Terminate Sublease and Recover Damages.** The rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including, but not limited to, the right to terminate Subtenant's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that Subtenant proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2. Sublandlord's efforts to mitigate the damages caused by Subtenant's breach of this Sublease shall not waive Sublandlord's rights to recover unmitigated damages upon termination.

(b) **Appointment of Receiver.** The right to have a receiver appointed for Subtenant upon application by Sublandlord to take possession of the Premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to Sublandlord pursuant to this Sublease.

15.3. Sublandlord's Right to Cure Subtenant's Defaults. If Subtenant defaults in the performance of any of its obligations under this Sublease, then Sublandlord may at any time thereafter with three (3) days prior written notice (except in the event of an emergency as determined by Sublandlord where prior notice by Sublandlord is impractical), remedy such Event of Default for Subtenant's account and at Subtenant's expense. Subtenant shall pay to Sublandlord, as Additional Charges, promptly upon demand, all sums expended by Sublandlord, or other costs, damages, expenses or liabilities incurred by Sublandlord, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy such Event of Default. Subtenant's obligations under this Section shall survive the termination of this Sublease. Nothing herein shall imply any duty of Sublandlord to do any act that Subtenant is obligated to perform under any provision of this Sublease, and Sublandlord's cure or attempted cure of Subtenant's Event of Default shall not constitute a waiver of Subtenant's Event of Default or any rights or remedies of Sublandlord on account of such Event of Default.

16. RELEASE AND WAIVER OF CLAIMS; INDEMNIFICATION

16.1. Release and Waiver of Claims. Subtenant, on behalf of itself and Subtenant's Agents, covenants and agrees that the Indemnified Parties shall not be responsible for or liable to Subtenant for, and, to the fullest extent allowed by any Laws, Subtenant hereby waives all rights against the Indemnified Parties and releases them from, any and all Losses, including, but not

limited to, incidental and consequential damages, relating to any injury, accident or death of any person or loss or damage to any property, in or about the Premises, from any cause whatsoever, including without limitation, partial or complete collapse of the Premises due to an earthquake or subsidence, except only to the extent such Losses are caused solely by the gross negligence or willful misconduct of the Indemnified Parties. Without limiting the generality of the foregoing:

- (a) Subtenant expressly acknowledges and agrees that the Rent payable hereunder does not take into account any potential liability of the Indemnified Parties for any consequential or incidental damages including, but not limited to, lost profits arising out of disruption to Subtenant's uses hereunder. Sublandlord would not be willing to enter into this Sublease in the absence of a complete waiver of liability for consequential or incidental damages due to the acts or omissions of the Indemnified Parties, and Subtenant expressly assumes the risk with respect thereto. Accordingly, without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action for consequential and incidental damages and covenants not to sue the Indemnified Parties for such damages arising out of this Sublease or the uses authorized hereunder, including, without limitation, any interference with uses conducted by Subtenant pursuant to this Sublease regardless of the cause.
- (b) Without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action against, and covenants not to sue the Indemnified Parties under any present or future Laws, statutes, or regulations, including, but not limited to, any claim for inverse condemnation or the payment of just compensation under the law of eminent domain, or otherwise at equity, in the event that Sublandlord terminates this Sublease because of such claim for inverse condemnation or eminent domain.
- (c) As part of Subtenant's agreement to accept the Premises in its "As Is" condition as provided herein, and without limiting such agreement and any other waiver contained herein, Subtenant on behalf of itself and its successors and assigns, waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way be connected with the physical or environmental condition of the Premises and any related improvements or any Laws or regulations applicable thereto or the suitability of the Premises for Subtenant's intended use.
- (d) Subtenant acknowledges that it will not be a displaced person at the time this Sublease is terminated, and Subtenant fully RELEASES, WAIVES AND DISCHARGES the Indemnified Parties from any and all Losses and any and all claims, demands or rights against any of the Indemnified Parties under any present and future Laws, including, without limitation, any and all claims for relocation benefits or assistance from the Indemnified Parties under federal and state

relocation assistance laws.

(e) Without limiting any other waiver contained herein, Subtenant, on behalf of itself and its successors and assigns, hereby waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way connected with the Indemnified Parties' decision to Sublease the Premises to Subtenant, regardless of whether or not such decision is or may be determined to be an act of gross negligence or willful misconduct of the Indemnified Parties.

(f) Subtenant covenants and agrees never to file, commence, prosecute or cause to be filed, commenced or prosecuted against the Indemnified Parties any claim, action or proceeding based upon any claims, demands, causes of action, obligations, damages, losses, costs, expenses or liabilities of any nature whatsoever encompassed by the waivers and releases set forth in this Section 16.1.

(g) In executing these waivers and releases, Subtenant has not relied upon any representation or statement other than as expressly set forth herein.

(h) Subtenant had made such investigation of the facts pertaining to these waivers and releases as it deems necessary and assumes the risk of mistake with respect to such facts. These waivers and releases are intended to be final and binding on Subtenant regardless of any claims of mistake.

(i) In connection with the foregoing releases, Subtenant acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Subtenant acknowledges that the releases contained herein include all known and unknown, disclosed and undisclosed, and anticipated and unanticipated claims. Subtenant realizes and acknowledges that it has agreed upon this Sublease in light of this realization and, being fully aware of this situation, it nevertheless intends to waive the benefit of Civil Code Section 1542, or any statute or other similar law now or later in effect. The waivers and releases contained herein shall survive any termination of this Sublease.

16.2. Subtenant's Indemnity. Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties from and against any and all Losses arising out of Subtenant's use of the Premises, including but not limited to, any Losses arising directly or indirectly, in whole or in part, out of: (a) any damage to or destruction of any property owned by or in the

custody of Subtenant or Subtenant's Agents or Subtenant's Invitees; (b) any accident, injury to or death of a person, including, without limitation, Subtenant's Agents and Subtenant's Invitees, howsoever or by whomsoever caused, occurring in, on or about the Premises; (c) any default by Subtenant in the observation or performance of any of the terms, covenants or conditions of this Sublease to be observed or performed on Subtenant's part; (d) the use, occupancy, conduct or management, or manner of use, occupancy, conduct or management by Subtenant, Subtenant's Agents or Subtenant's Invitees or any person or entity claiming through or under any of them, of the Premises or any Alterations; (e) any construction or other work undertaken by Subtenant on or about the Premises; and (f) any acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees, in, on, or about the Premises or any Alterations, except to the extent that such Indemnity is void or otherwise unenforceable under any applicable Laws in effect on or validly retroactive to the date of this Sublease and further except only to the extent such Losses are caused solely by the gross negligence or intentional wrongful acts and omissions of the Indemnified Parties. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and Sublandlord's costs of investigating any Loss. Subtenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter. Subtenant's obligations under this Section shall survive the expiration or sooner termination of this Sublease.

17. **INSURANCE**

17.1. **Required Insurance Coverage.** Subtenant, at its sole cost and expense, shall maintain, or cause to be maintained, through the Term of this Sublease, the following insurance:

(a) **General Liability Insurance.** Comprehensive or commercial general liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including coverages for contractual liability, independent contractors, broad form property damage, personal injury, products and completed operations, fire damage and legal liability with limits not less than One Million Dollars (\$1,000,000), explosion, collapse and underground (XCU).

(b) **Automobile Liability Insurance.** Comprehensive or business automobile liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including coverages for owned and hired vehicles and for employer's non-ownership liability, which insurance shall be required if any automobiles or any other motor vehicles are operated in connection with Subtenant's activity on the Premises or the Permitted Use.

(c) **Worker's Compensation and Employer's Liability Insurance.** If Subtenant has employees, Worker's Compensation Insurance in statutory amounts with Employer's Liability

with limits not less than One Million Dollars (\$1,000,000.00) for each accident, injury or illness, on employees eligible for each.

(d) **Personal Property Insurance.** Subtenant, at its sole cost and expense, shall procure and maintain on all of its personal property and Alterations, in, on, or about the Premises, property insurance on an all risk form, excluding earthquake and flood, to the extent of full replacement value. The proceeds from any such policy shall be used by Subtenant for the replacement of Subtenant's personal property.

(e) **Other Coverage.** Such other insurance or different coverage amounts as is required by law or as is generally required by commercial owners of property similar in size, character, age and location as the Premises, as may change from time to time, or as may be required by the City's Risk Manager.

17.2. **Claims-Made Policies.** If any of the insurance required in Section 17.1 above is provided under a claims-made form of policy, Subtenant shall maintain such coverage continuously throughout the Term and without lapse for a period of three (3) years beyond the termination of this Sublease, to the effect that should occurrences during the Term give rise to claims made after termination of this Sublease, such claims shall be covered by such claims-made policies.

17.3. **Annual Aggregate Limits.** If any of the insurance required in Section 17.1 above is provided under a form of coverage which includes an annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit shall be double the occurrence limits specified herein.

17.4. **Payment of Premiums.** Subtenant shall pay the premiums for maintaining all required insurance.

17.5. **Waiver of Subrogation Rights.** Notwithstanding anything to the contrary contained herein, Sublandlord and Subtenant (each a "Waiving Party") each hereby waives any right of recovery against the other party for any loss or damage sustained by such other party with respect to the Facility or the Premises or any portion thereof or the contents of the same or any operation therein, whether or not such loss is caused by the fault or negligence of such other party, to the extent such loss or damage is covered by insurance which is required to be purchased by the Waiving Party under this Sublease or is actually covered by insurance obtained by the Waiving Party. Each Waiving Party agrees to cause its insurers to issue appropriate waiver of subrogation rights endorsements to all policies relating to the Facility or the Premises; provided, the failure to obtain any such endorsement shall not affect the above waiver.

17.6. **General Insurance Matters.**

(a) All liability insurance policies required to be maintained by Subtenant hereunder shall

contain a cross-liability clause, shall name as additional insureds the "THE TREASURE ISLAND DEVELOPMENT AUTHORITY, CITY AND COUNTY OF SAN FRANCISCO, THE UNITED STATES OF AMERICA, ACTING BY AND THROUGH THE DEPARTMENT OF THE NAVY, AND THEIR OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS," shall be primary to any other insurance available to the additional insureds with respect to claims arising under this Sublease, and shall provide that such insurance applies separately to each insured against whom complaint is made or suit is brought except with respect to the limits of the company's liability.

(b) All insurance policies required to be maintained by Subtenant hereunder shall be issued by an insurance company or companies reasonably acceptable to Sublandlord with an AM Best rating of not less than A-VIII and authorized to do business in the State of California.

(c) All insurance policies required to be maintained by Subtenant hereunder shall provide for thirty (30) days' prior written notice of cancellation for any reason, intended non-renewal, or reduction in coverage to Subtenant and Sublandlord. Such notice shall be given in accordance with the notice provisions of Section 21.1 below.

(d) Subtenant shall deliver to Sublandlord certificates of insurance and additional insured policy endorsements in a form satisfactory to Sublandlord evidencing the coverages required herein, together with evidence of payment of premiums, on or before the Commencement Date, and upon renewal of each policy not less than thirty (30) days before expiration of the term of the policy. Subtenant shall, upon Sublandlord's request, promptly furnish Sublandlord with a complete copy of any insurance policy required hereunder.

(e) Not more often than every year and upon not less than sixty (60) days' prior written notice, Sublandlord may require Subtenant to increase the insurance limits set forth in Section 17.1 above if Sublandlord finds in its reasonable judgment that it is the general commercial practice in San Francisco to carry insurance in amounts substantially greater than those amounts carried by Subtenant with respect to risks comparable to those associated with the use of the Premises.

(f) Subtenant's compliance with the provisions of this Section shall in no way relieve or decrease Subtenant's indemnification obligations herein or any of Subtenant's other obligations or liabilities under this Sublease.

(g) Notwithstanding anything to the contrary in this Sublease, Sublandlord may elect in Sublandlord's sole and absolute discretion to terminate this Sublease upon the lapse of any required insurance coverage by written notice to Subtenant.

18. ACCESS BY SUBLANDLORD

18.1. Access to Premises by Sublandlord.

(a) **General Access.** Sublandlord reserves for itself and Sublandlord's Agents, the right to enter the Premises and any portion thereof at all reasonable times upon not less than twenty-four (24) hours oral or written notice to Subtenant (except in the event of an emergency) for any purpose.

(b) **Emergency Access.** In the event of any emergency, as determined by Sublandlord, Sublandlord may, at its sole option and without notice, enter the Premises and alter or remove any Alterations or Subtenant's Personal Property on or about the Premises. Sublandlord shall have the right to use any and all means Sublandlord considers appropriate to gain access to any portion of the Premises in an emergency. In such case, Sublandlord shall not be responsible for any damage or injury to any such property, nor for the replacement of any such property and any such emergency entry shall not be deemed to be a forcible or unlawful entry onto or a detainer of, the Premises, or an eviction, actual or constructive, of Subtenant from the Premises or any portion thereof.

(c) **No Liability.** Sublandlord shall not be liable in any manner, and Subtenant hereby waives any claims, for any inconvenience, disturbance, loss of business, nuisance or other damage arising out of Sublandlord's entry onto the Premises, except damage resulting directly and exclusively from the gross negligence or willful misconduct of Sublandlord or Sublandlord's Agents and not contributed to by the acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees.

18.2. Access to Premises by Master Landlord. Subtenant acknowledges and agrees that Master Landlord shall have all of the rights of access to the Premises described in the Master Lease.

19. SURRENDER

19.1. Surrender of the Premises. Upon the termination of this Sublease, Subtenant shall surrender to Sublandlord the Premises in the same condition as of the Commencement Date, ordinary wear and tear excepted, and free and clear of all liens, easements and other encumbrances created or suffered by, through or under Subtenant. On or before any termination hereof, Subtenant shall, at its sole cost, remove any and all of Subtenant's Personal Property from the Premises and demolish and remove any and all Alterations from the Premises (except for any Alterations that Sublandlord agrees are to remain part of the Premises pursuant to the provisions of Section 8.3 above). In addition, Subtenant shall, at its sole expense, repair any damage to the Premises resulting from the removal of any such items and restore the Premises to their condition immediately prior to the presence of any Alterations. In connection therewith, Subtenant shall obtain any and all necessary permits and approvals, including, without limitation, any environmental permits, and execute any manifests or other documents necessary to complete the demolition, removal or restoration work required hereunder. Subtenant's obligations under this Section shall survive the termination of this Sublease. Any items of Subtenant's Personal

Property remaining on or about the Premises after the termination of this Sublease may, at Sublandlord's option and after thirty (30) days written notice to Subtenant, be deemed abandoned and in such case Sublandlord may dispose of such property in accordance with Section 1980, et seq., of the California Civil Code or in any other manner allowed by Law.

19.2. No Holding Over. If Subtenant fails to surrender the Premises to Sublandlord upon the termination of this Sublease as required by this Section, Subtenant shall Indemnify Sublandlord against all Losses resulting therefrom, including, without limitation, Losses made by a succeeding Subtenant resulting from Subtenant's failure to surrender the Premises. Subtenant shall have no right to hold over without the prior written consent of Sublandlord, which consent may be withheld in Sublandlord's sole and absolute discretion. If Sublandlord holds over the Premises or any part thereof after expiration or earlier termination of this Sublease, such holding over shall be terminable upon written notice by Sublandlord, and the Base Rent shall be increased to two hundred percent (200%) of the Base Rent in effect immediately prior to such holding over, and such holdover shall otherwise be on all the other terms and conditions of this Sublease. This Section shall not be construed as Sublandlord's permission for Subtenant to hold over. Acceptance of any holdover Base Rent by Sublandlord following expiration or termination of this Sublease shall not constitute an extension or renewal of this Sublease.

19.3. Security Deposit. Subtenant shall pay to Sublandlord upon execution of this Sublease a security deposit in the amount set forth in the Basic Sublease Information as security for the faithful performance of all terms, covenants and conditions of this Sublease. Subtenant agrees that Sublandlord may (but shall not be required to) apply the security deposit in whole or in part to remedy any damage to the Premises caused by Subtenant, Subtenant's Agents or Subtenant's Invitees, or any failure of Subtenant to perform any other terms, covenants or conditions contained in this Sublease, without waiving any of Sublandlord's other rights and remedies hereunder or at Law or in equity. Should Sublandlord use any portion of the security deposit to cure any Event of Default by Subtenant hereunder, Subtenant shall immediately replenish the security deposit to the original amount, and Subtenant's failure to do so within five (5) days of Sublandlord's notice shall constitute a material Event of Default under this Sublease. Sublandlord's obligations with respect to the security deposit are solely that of debtor and not trustee. Sublandlord shall not be required to keep the security deposit separate from its general funds, and Subtenant shall not be entitled to any interest on such deposit. The amount of the security deposit shall not be deemed to limit Subtenant's liability for the performance of any of its obligations under this Sublease. To the extent that Sublandlord is not entitled to retain or apply the security deposit pursuant to this Section 20.3, Sublandlord shall return such security deposit to Subtenant within forty-five (45) days of the termination of this Sublease.

20. HAZARDOUS MATERIALS

20.1. No Hazardous Materials. Subtenant covenants and agrees that neither Subtenant nor any of Subtenant's Agents or Subtenant's Invitees shall cause or permit any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any

federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment, including, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended (42 U.S.C. Sections 9601 et seq.), or pursuant to Section 25281 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of any existing improvements on the Premises, or are naturally occurring substances on, in or about the Premises; and petroleum, including crude oil or any fraction thereof, and natural gas or natural gas liquids ("Hazardous Material") to be brought upon, kept, used, stored, generated or disposed of in, on or about the Premises or transported to or from the Premises without the prior written approval of Sublandlord, which approval may be withheld in Sublandlord's sole and absolute discretion. Subtenant shall immediately notify Sublandlord if and when Subtenant learns or has reason to believe there has been any release of Hazardous Material in, on or about the Premises. Sublandlord may from time to time request Subtenant to provide adequate information for Sublandlord to determine that any Hazardous Material permitted hereunder is being handled in compliance with all applicable federal, state or local Laws or policies relating to Hazardous Material (including, without limitation, its use, handling, transportation, production, disposal, discharge or storage) or to human health and safety, industrial hygiene or environmental conditions in, on, under or about the Premises and any other property, including, without limitation, soil, air and groundwater conditions ("Environmental Laws"), and Subtenant shall promptly provide all such information. Sublandlord and Sublandlord's Agents shall have the right to inspect the Premises for Hazardous Material and compliance with the provisions hereof at all reasonable times upon reasonable advance oral or written notice to Subtenant (except in the event of an emergency). Subtenant agrees that it shall comply, without limiting the foregoing, with the provisions of Article 21 of the San Francisco Health Code including, without limitation, regarding obtaining and complying with the requirements of an approved hazardous materials management plan, and with the requirements of the environmental protection provisions provided for in Section 13 of the Master Lease.

20.2. Subtenant's Environmental Indemnity. If Subtenant breaches any of its obligations contained in Section 20.1 above, or, if any act or omission or negligence of Subtenant or any of Subtenant's Agents or Subtenant's Invitees results in any spilling, leaking, pumping, pouring, emitting, discharging, injecting, escaping, leeching or dumping ("Release") of Hazardous Material in, on, under or about the Premises or the Property, without limiting Subtenant's general Indemnity contained in Section 16.2 above, Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties, and each of them, from and against any and all enforcement, investigation, remediation or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental Laws together with any and all Losses made or threatened by any third party against Sublandlord, Sublandlord's Agents, or the Premises, relating to damage, contribution, cost recovery compensation, loss or injury resulting from the presence, Release or discharge of any Hazardous Materials, including,

without limitation, Losses based in common law, investigation and remediation costs, fines, natural resource damages, damages for decrease in value of the Premises, the loss or restriction of the use or any amenity of the Premises and attorneys' fees and consultants' fees and experts' fees and costs ("Hazardous Materials Claims") arising during or after the Term of this Sublease and relating to such Release. The foregoing Indemnity includes, without limitation, all costs associated with the investigation and remediation of Hazardous Material and with the restoration of the Premises or the Property to its prior condition including, without limitation, fines and penalties imposed by regulatory agencies, natural resource damages and losses, and revegetation of the Premises or other Sublandlord property. Without limiting the foregoing, if Subtenant or any of Subtenant's Agents or Subtenant's Invitees, causes or permits the Release of any Hazardous Materials in, on, under or about the Premises or the Property, Subtenant shall, immediately, at no expense to Sublandlord, take any and all appropriate actions to return the Premises or other Sublandlord property affected thereby to the condition existing prior to such Release and otherwise investigate and remediate the Release in accordance with all Environmental Laws. Subtenant shall provide Sublandlord with written notice of and afford Sublandlord a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, permit, approvals, or other compromise or proceeding involving Hazardous Material.

20.3. Acknowledgment of Receipt of EBS and FOSL Reports. Subtenant hereby acknowledges for itself and Subtenant's Agents that, prior to the execution of this Sublease, it has received and reviewed the Environmental Baseline Survey ("EBS") and the Finding of Suitability to Lease ("FOSL") described in Section 7 of the Master Lease. California law requires landlords to disclose to tenants the presence or potential presence of certain Hazardous Materials. Accordingly, Subtenant is hereby advised that occupation of the Premises may lead to exposure to Hazardous Materials such as, but not limited to, gasoline, diesel and other vehicle fluids, vehicle exhaust, office maintenance fluids, tobacco smoke, methane and building materials containing chemicals, such as formaldehyde. Further, there are Hazardous Materials located on the Premises as described in the EBS and the FOSL. In addition, California's Proposition 65, Health and Safety Code Section 25249.6 et seq., requires notice that some of these Hazardous Materials are known by the State of California to cause cancer or reproductive harm. By execution of this Sublease, Subtenant acknowledges that the notices and warnings set forth above satisfy the requirements of California Health and Safety Code Sections 25249.6 et seq., 25359.7 and related statutes.

21. GENERAL PROVISIONS

21.1. Notices. Except as otherwise expressly provided in this Sublease, any notice given hereunder shall be effective only in writing and given by delivering the notice in person, or by sending it first class mail or certified mail with a return receipt requested or reliable commercial overnight courier, return receipt requested, with postage prepaid, to the appropriate addresses set forth in the Basic Sublease Information. Any Party hereunder may designate a new address for notice purposes hereunder at least ten (10) days prior to the effective date of such change. Any

notice hereunder shall be deemed to have been given two (2) days after the date when it is mailed if sent by first class or certified mail, one day after the date it is made, if sent by commercial overnight carrier, or upon the date personal delivery is made, and any refusal by either Party to accept the attempted delivery of any notice, if such attempted delivery is in compliance with this Section 21.1 and applicable Laws, shall be deemed receipt of such notice.

21.2. No Implied Waiver. No failure by Sublandlord to insist upon the strict performance of any obligation of Subtenant under this Sublease or to exercise any right, power or remedy arising out of a breach thereof, irrespective of the length of time for which such failure continues, no acceptance of full or partial payment of Rent due hereunder during the continuance of any such breach, and no acceptance of the keys to or possession of the Premises prior to the expiration of the Term by any Agent of Sublandlord, shall constitute a waiver of such breach or of Sublandlord's right to demand strict compliance with such term, covenant or condition or operate as a surrender of this Sublease. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of a default or the performance of any provision hereof shall not be deemed to be a waiver of a subsequent default or performance. The consent of Sublandlord given in any instance under the terms of this Sublease shall not relieve Subtenant of any obligation to secure the consent of Sublandlord in any other or future instance under the terms of this Sublease.

21.3. Amendments. Neither this Sublease nor any term or provision hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the Parties hereto.

21.4. Authority. If Subtenant signs as a corporation, a partnership or a limited liability company, each of the persons executing this Sublease on behalf of Subtenant does hereby covenant and warrant that Subtenant is a duly authorized and existing entity, that Subtenant has and is qualified to do business in California, that Subtenant has full right and authority to enter into this Sublease, and that each and all of the persons signing on behalf of Subtenant are authorized to do so. Upon Sublandlord's request, Subtenant shall provide Sublandlord with evidence reasonably satisfactory to Sublandlord confirming the foregoing representations and warranties. Without limiting the generality of the foregoing, Subtenant represents and warrants that it has full power to make the waivers and releases, indemnities and the disclosures set forth herein, and that it has received independent legal advice from its attorney as to the advisability of entering into a sublease containing those provisions and their legal effect.

21.5. Joint and Several Obligations. The word "Subtenant" as used herein shall include the plural as well as the singular. If there is more than one Subtenant, the obligations and liabilities under this Sublease imposed on Subtenant shall be joint and several.

21.6. Interpretation of Sublease. The captions preceding the articles and sections of this Sublease and in the table of contents have been inserted for convenience of reference only and

such captions shall in no way define or limit the scope or intent of any provision of this Sublease. This Sublease has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intents and purposes of the Parties, without any presumption against the party responsible for drafting any part of this Sublease. Provisions in this Sublease relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action occurs on a Saturday, Sunday or a bank or Sublandlord holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day. Use of the word "including" or similar words shall not be construed to limit any general term, statement or other matter in this Sublease, whether or not language of non-limitation, such as "without limitation" or similar words, are used. Unless otherwise provided herein, whenever the consent of Sublandlord is required to be obtained by Subtenant hereunder, Sublandlord may give or withhold such consent in its sole and absolute discretion.

21.7. Successors and Assigns. Subject to the provisions of Section 14, the terms, covenants and conditions contained in this Sublease shall bind and inure to the benefit of Sublandlord and Subtenant and, except as otherwise provided herein, their personal representatives and successors and assigns; provided, however, that upon any transfer by Sublandlord (or by any subsequent Sublandlord) of its interest in the Premises as lessee, including any transfer by operation of Law, Sublandlord (or any subsequent Sublandlord) shall be relieved from all subsequent obligations and liabilities arising under this Sublease subsequent to such transfer.

21.8. Brokers. Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the Sublease contemplated herein. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes a claim shall be responsible for such commission or fee and shall Indemnify the other party from any and all Losses incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination of this Sublease.

21.9. Severability. If any provision of this Sublease or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Sublease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Sublease shall be valid and be enforceable to the fullest extent permitted by Law.

21.10. Governing Law. This Sublease shall be construed and enforced in accordance with the Laws of the State of California and the federal government.

21.11. Entire Agreement. This instrument (including the exhibits hereto, which are made a part of this Sublease) contains the entire agreement between the Parties and supersedes all prior written or oral negotiations, discussions, understandings and agreements. The Parties further intend that this Sublease shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including prior drafts of this Sublease and any changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Sublease. Subtenant hereby acknowledges that neither Sublandlord nor Sublandlord's Agents have made any representations or warranties with respect to the Premises or this Sublease except as expressly set forth herein, and no rights, easements or licenses are or shall be acquired by Subtenant by implication or otherwise unless expressly set forth herein.

21.12. Attorneys' Fees. In the event that either Sublandlord or Subtenant fails to perform any of its obligations under this Sublease or in the event a dispute arises concerning the meaning or interpretation of any provision of this Sublease, the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder (whether or not such action is prosecuted to judgment), including, without limitation, court costs and reasonable attorneys' fees. For purposes of this Sublease, reasonable fees of attorneys in the Office of the San Francisco City Attorney (Sublandlord's General Counsel) shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City and County of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney. Further, for purposes of this Sublease, the term "attorneys' fees" shall mean the fees and expenses of counsel to the Parties, which may include printing, duplicating and other expenses, air freight charges, hiring of experts, and fees billed for law clerks, paralegals, librarians and others not admitted to the bar but performing services under the supervision of an attorney. The term "attorneys' fees" shall also include, without limitation, all such fees and expenses incurred with respect to appeals, mediations, arbitrations, and bankruptcy proceedings, and whether or not any action is brought with respect to the matter for which such fees and costs were incurred. The term "attorney" shall have the same meaning as the term "counsel".

21.13. Time of Essence. Time is of the essence with respect to all provisions of this Sublease in which a definite time for performance is specified.

21.14. Cumulative Remedies. All rights and remedies of either party hereto set forth in this Sublease shall be cumulative, except as may otherwise be provided herein.

21.15. Survival of Indemnities. Termination of this Sublease shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Sublease, nor shall it affect any provision of this Sublease that expressly states it shall survive termination hereof. Subtenant specifically acknowledges and agrees that, with respect to each of the indemnities contained in this Sublease, Subtenant has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any

claim which actually or potentially falls within the indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter.

21.16. Relationship of Parties. Sublandlord is not, and none of the provisions in this Sublease shall be deemed to render Sublandlord, a partner in Subtenant's business, or joint venturer or member in any joint enterprise with Subtenant. This Sublease is not intended nor shall it be construed to create any third party beneficiary rights in any third party, unless otherwise expressly provided. The granting of this Sublease by Sublandlord does not constitute authorization or approval by Sublandlord of any activity conducted by Subtenant on, in or relating to the Premises.

21.17. Recording. Subtenant agrees that it shall not record this Sublease nor any memorandum or short form hereof in the official records of any county.

21.18. Non-Liability of Indemnified Parties' Officials, Employees and Agents. No elective or appointive board, commission, member, officer or employee of any of the Indemnified Parties shall be personally liable to Subtenant, its successors and assigns, in the event of any default or breach by Sublandlord or for any amount which may become due to Subtenant, its successors and assigns, or for any obligation of Sublandlord under this Sublease.

21.19. No Discrimination. Subtenant shall comply with the non-discrimination provisions of Section 19.1 of the Master Lease, including, without limitation, posting all notices required therein.

21.20. Counterparts. This Sublease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

21.21. Master Landlord's Consent. This Sublease is expressly conditioned upon receipt of the written consent of Master Landlord.

22. SPECIAL PROVISIONS

22.1. Signs. Subtenant agrees that it will not erect or maintain, or permit to be erected or maintained, any signs, notices or graphics upon or about the Premises which are visible in or from public corridors or other portions of any common areas of the Premises or from the exterior of the Premises, without Sublandlord's prior written consent, which Sublandlord may withhold or grant in its sole discretion.

22.2. Public Transit Information. Subtenant shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Subtenant

employed on the Premises, including, without limitation, the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Premises and encouraging use of such facilities, all at Subtenant's sole expense.

22.3. TIHDI Job Broker. Subtenant shall comply with the requirements of the TIHDI Work Force Hiring Plan attached hereto as Exhibit F.

22.4. Local Hiring. Subtenant further agrees to use good faith efforts to hire residents of the City and County of San Francisco at all levels of Subtenant's personnel needs and to contract with local businesses for Subtenant's purchase of supplies, materials, equipment or services.

22.5. Non-Discrimination in City Contracts and Benefits Ordinance.

(a) **Covenant Not to Discriminate.** In the performance of this Sublease, Subtenant covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, weight, height or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with, Subtenant in any of Subtenant's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Subtenant.

(b) **Sub-Subleases and Other Subcontracts.** Subtenant shall include in all sub-subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to such sub-subtenant or other subcontractor in substantially the form of subsection (a) above. In addition, Subtenant shall incorporate by reference in all sub-subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all sub-subtenants and other subcontractors to comply with such provisions. Subtenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Sublease.

(c) **Non-Discrimination in Benefits.** Subtenant does not as of the date of this Sublease and will not during the Term, in any of its operations or in San Francisco or with respect to its operations under this Sublease elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) **HRC Form.** As a condition to this Sublease, Subtenant shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission (the "HRC"). Subtenant hereby represents that prior to execution of this Sublease, (i) Subtenant executed and submitted to the HRC Form HRC-128-101 with supporting documentation; and (ii) the HRC approved such form.

(e) **Incorporation of Administrative Code Provisions by Reference.** The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Subtenant shall comply fully with and be bound by all of the provisions that apply to this Sublease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Subtenant understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of Fifty Dollars (\$50.00) for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Sublease may be assessed against Subtenant and/or deducted from any payments due Subtenant.

22.6. MacBride Principles - Northern Ireland. The City urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Subtenant acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

22.7. Tropical Hardwood and Virgin Redwood Ban. The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood product. Except as expressly permitted by the application of Section 802(b) and 803(b) of the San Francisco Environment Code, Subtenant shall not provide any items to the construction of tenant improvements or Alterations in the Premises, or otherwise in the performance of this Sublease, which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. In the event Subtenant fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Subtenant shall be liable for liquidated damages for each violation in an amount equal to Subtenant's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater.

22.8. Conflicts of Interest. Subtenant states that it is familiar with the provisions of Section 8.105 and 8.106 of the San Francisco Charter and certifies that it knows of no facts which would constitute a violation of such provisions. Subtenant further certifies that it has made a complete

disclosure to the Sublandlord of all facts bearing on any possible interests, direct or indirect, which Subtenant believes any officer or employee of the Sublandlord presently has or will have in this Sublease or in the performance thereof or in any portion of the profits thereof. Willful failure by Subtenant to make such disclosure, if any, shall constitute grounds for the Sublandlord's termination and cancellation of this Sublease.

22.9. Wages and Working Conditions. Subtenant agrees that any person performing labor in the construction of any tenant improvements and any Alterations to the Premises, which Subtenant provides under this Sublease, shall be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Subtenant shall include, in any contract for construction of such tenant improvements and Alterations, a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Subtenant shall require any contractor to provide, and shall deliver to Sublandlord upon request, certified payroll reports with respect to all persons performing labor in the construction of such tenant improvement work or any Alterations to the Premises.

22.10. Prohibition of Tobacco Advertising. Subtenant acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of Sublandlord or the City, including the Premises and the Property. This prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This prohibition does not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

22.11. Pesticide Prohibition. Subtenant shall comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "Pesticide Ordinance") which (i) prohibit the use of certain pesticides on City property, (ii) require the posting of certain notices and the maintenance of certain records regarding pesticide usage and (iii) require Subtenant to submit to Sublandlord an integrated pest management ("IPM") plan that (a) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Subtenant may need to apply to the Premises during the terms of this Sublease, (b) describes the steps Subtenant will take to meet the City's IPM Policy described in Section 300 of the Pesticide Ordinance and (c) identifies, by name, title, address and telephone number, an individual to act as Subtenant's primary IPM contact person with the City. In addition, Subtenant shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance.

22.12. First Source Hiring Ordinance. The City has adopted a First Source Hiring Ordinance (Board of Supervisors Ordinance No. 264 98) which establishes specific requirements, procedures and monitoring for first source hiring of qualified economically disadvantaged

individuals for entry level positions. Within thirty (30) days after Sublandlord adopts a First Source Hiring Implementation and Monitoring Plan in accordance with the First Source Hiring Ordinance, Subtenant shall enter into a First Source Hiring Agreement that meets the applicable requirements of Section 83.9 of the First Source Hiring Ordinance.

22.13. Sunshine Ordinance. In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between City departments and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

22.14. Conflicts of Interest. Through its execution of this Sublease, Subtenant acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provisions, and agrees that if Subtenant becomes aware of any such fact during the Term of this Sublease, Subtenant shall immediately notify Sublandlord.

22.15. Charter Provision. This Sublease is governed by and subject to the provisions of the Charter of the City and County of San Francisco.

22.16. Requiring Health Benefits for Covered Employees. Unless exempt, Subtenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Sublease as though fully set forth. The text of the HCAO is available on the web at www.dph.sf.ca.us/HCRes/Resolutions/2004Res/HCRes102004.shtml. Capitalized terms used in this Section and not defined in this Sublease shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee, Subtenant shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Subtenant chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(b) Notwithstanding the above, if Subtenant is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with Subsection (a) above.

(c) Subtenant's failure to comply with the HCAO shall constitute a material breach of this Sublease. Sublandlord shall notify Subtenant if such a breach has occurred. If, within thirty (30) days after receiving City's written notice of a breach of this Sublease for violating the HCAO, Subtenant fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Subtenant fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, Sublandlord shall have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to Sublandlord.

(d) Any Subcontract entered into by Subtenant shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Subtenant shall notify City's Purchasing Department when it enters into such a Subcontract and shall certify to the Purchasing Department that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Subtenant shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the Sublandlord may pursue the remedies set forth in this Section against Subtenant based on the Subcontractor's failure to comply, provided that Sublandlord has first provided Subtenant with notice and an opportunity to obtain a cure of the violation.

(e) Subtenant shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying Sublandlord with regard to Subtenant's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(f) Subtenant represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(g) Subtenant shall keep itself informed of the current requirements of the HCAO.

(h) Subtenant shall provide reports to Sublandlord in accordance with any reporting standards promulgated by Sublandlord under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

(i) Subtenant shall provide Sublandlord with access to records pertaining to compliance with the HCAO after receiving a written request from Sublandlord to do so and being provided at least five (5) business days to respond.

(j) Sublandlord may conduct random audits of Subtenant to ascertain its compliance with HCAO. Subtenant agrees to cooperate with Sublandlord when it conducts such audits.

(k) If Subtenant is exempt from the HCAO when this Sublease is executed because its amount is less than Twenty-Five Thousand Dollars (\$25,000) (or [Fifty Thousand Dollars (\$50,000) if Subtenant is a qualified nonprofit], but Subtenant later enters into an agreement or agreements that cause Subtenant's aggregate amount of all agreements with Sublandlord to reach Seventy-Five Thousand Dollars (\$75,000), all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Subtenant and the Contracting Department to be equal to or greater than Seventy-Five Thousand Dollars (\$75,000) in the fiscal year.

22.17. Notification of Limitations on Contributions. Through its execution of this Sublease, Subtenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for such contract until the termination of negotiations for such contract or three (3) months has elapsed from the date the contract is approved by the City elective officer, or the board on which that City elective officer serves. San Francisco Ethics Commission Regulation 1.126-1 provides that negotiations are commenced when a prospective contractor first communicates with a City officer or employee about the possibility of obtaining a specific contract. This communication may occur in person, by telephone or in writing, and may be initiated by the prospective contractor or a City officer or employee. Negotiations are completed when a contract is finalized and signed by the City and the contractor. Negotiations are terminated when the City and/or the prospective contractor end the negotiation process before a final decision is made to award the contract.

22.18. Preservative-Treated Wood Containing Arsenic. As of July 1, 2003, Subtenant may not purchase preservative-treated wood products containing arsenic in the performance of this Sublease unless an exemption from the requirements of Environment Code Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Subtenant may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment. This provision does not preclude Subtenant from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

22.19. Resource Efficient City Buildings and Pilot Projects. Subtenant acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 707 relating to resource-efficient City buildings and resource-efficient pilot projects. Subtenant

hereby agrees that it shall comply with all applicable provisions of such code sections.

22.20. Food Service Waste Reduction. Subtenant agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Sublease as though fully set forth. This provision is a material term of this Sublease. By entering into this Sublease, Subtenant agrees that if it breaches this provision, Sublandlord will suffer actual damages that will be impractical or extremely difficult to determine; further, Subtenant agrees that the sum of One Hundred Dollars (\$100.00) liquidated damages for the first breach, Two Hundred Dollars (\$200.00) liquidated damages for the second breach in the same year, and Five Hundred Dollars (\$500.00) liquidated damages for subsequent breaches in the same year is a reasonable estimate of the damage that Sublandlord will incur based on the violation, established in light of the circumstances existing at the time this Sublease was made. Such amounts shall not be considered a penalty, but rather agreed monetary damages sustained by Sublandlord because of Subtenant's failure to comply with this provision.

22.21. Estoppel Certificates. At any time and from time to time, within ten (10) days after Sublandlord's request, Subtenant will execute, acknowledge and deliver to Sublandlord a statement certifying the following matters: (a) the Commencement Date and Expiration Date of this Sublease; (b) that this Sublease is unmodified and in full force and effect (or if there have been modifications, that this Sublease is in full force and effect as modified and the date and nature of such modifications); (c) the dates to which the Rent has been paid; (d) that there are no Events of Default under this Sublease (or if there are any Events of Default, the nature of such Event of Default); and (e) any other matters reasonably requested by Sublandlord. Sublandlord and Subtenant intend that any such statement delivered pursuant to this paragraph may be relied upon by any assignee of Sublandlord's interest in the Master Lease or this Sublease, any mortgagee or any purchaser or prospective purchaser of the building or land on which the Premises are located. Subtenant irrevocably appoints Sublandlord, as Subtenant's agent, to execute and deliver in the name of Sublandlord any such instrument if Subtenant fails to do so, which failure shall also be an Event of Default under this Sublease.

Sublandlord and Subtenant have executed this Sublease in triplicate as of the date first written above.

SUBTENANT:

**BOYS & GIRLS CLUBS OF SAN
FRANCISCO, INC.
a California non-profit corporation**

By: _____
Maxine Wilson
Vice President of Operations

Date: _____

SUBLANDLORD:

Treasure Island Development Authority

By: _____
Mirian Saez
Director of Island Operations

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____
Deputy City Attorney

EXHIBIT A

LAND AND STRUCTURES MASTER LEASE

EXHIBIT B

DIAGRAM OF PREMISES

EXHIBIT C

COVER PAGE OF THE SEISMIC REPORT

EXHIBIT D

RULES AND REGULATIONS

1. All rules and regulations set out in the Master Lease shall prevail.
2. No signs, advertisements, or notices shall be attached to, or placed on, the exterior or interior of the Building or elsewhere on the Property, without prior written approval of Sublandlord.
3. Subtenant's contractors and invitees, while on the Premises or Subtenant's parking area, shall be subject to these Rules and Regulations, and will be subject to direction from Sublandlord and its agents, but will not be an agent or contractor of the Sublandlord or its agents. Subtenant's contractors shall be licensed by the State, insured and bonded at the amount requested by the Sublandlord.
4. Subtenant shall install and maintain at Subtenant's expense, any life safety equipment required by governmental rules, regulations or laws to be kept on the Premises.

EXHIBIT E

STANDARD UTILITIES AND SERVICES AND RATES

Utilities Rate Schedule

Utility Service	Rate	Unit
Electric Rate	\$ 0.14	per kwh
Water Rate	\$ 5.40	per kgal
Sewer Rate	\$ 5.75	per kgal
Gas Rate	\$ 0.60	per therm

Rates are subject to adjustment.

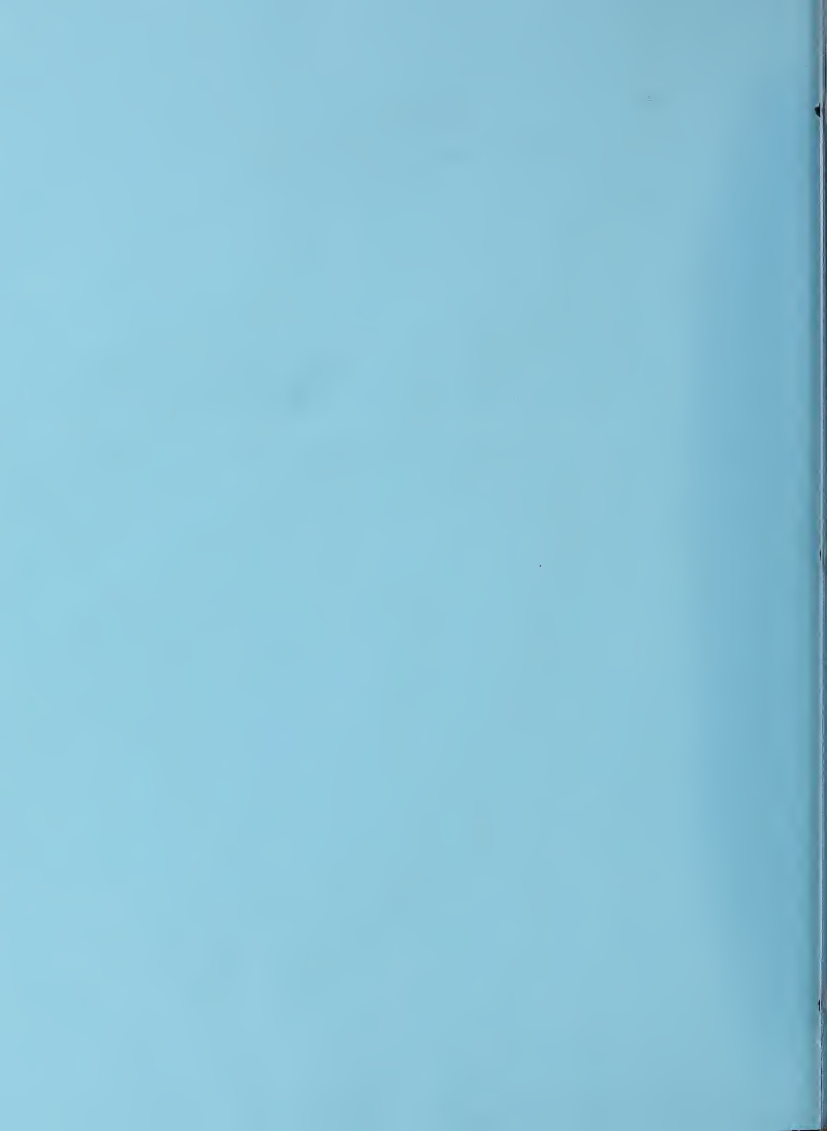
Subtenant shall install utility Submeters to the satisfaction of Sublandlord.

Subtenant shall arrange for delivery of utility services to the premises by making a "Request for Utilities Services" by contacting:

San Francisco Public Utilities Commission
c/o Treasure Island Development Authority
410 Avenue of the Palms
Treasure Island
San Francisco, CA. 94130
Attn: Mr. Vic Zorzynski
(415) 274-0333

EXHIBIT F

TIHDI WORKFORCE HIRING AGREEMENT



AGENDA ITEM 8D
Treasure Island Development Authority
City and County of San Francisco
Meeting of October 22, 2008

Subject: Resolution Authorizing the Demolition and Removal of Buildings 92 and 7 located on Treasure Island (*Consent Item*)

Contact: Marc McDonald, Facilities Manager

Phone: 415-274-0382

BACKGROUND

Project Staff is requesting approval for the demolition and removal of Buildings 92 and 7 located on Treasure Island.

In the summer of 2007, Buildings 92 and 7 were significantly damaged by fires. Subsequently, the City's Department of Building Inspection issued Notices of Violation that "Red Tagged" the buildings and triggered the need to demolish the buildings. Copies of the Notices of Violation are attached as Exhibit A.

Building 92 was a 13,696 square foot one-story wood clad office building that had been used by the Navy for classrooms. Building 7 was a two-story 68,304 square foot stucco building that was used for administrative purposes by the Navy. The buildings had not been made available to the Treasure Island Development Authority (the "Authority") for sublease because both contained friable asbestos, a hazardous material.

On May 8, 2008, the Navy concurred with the request of Project Staff to demolish both buildings because their blighted condition made them an attractive nuisance. To facilitate the demolition process, the Navy requested that both buildings be added to the premises of leases between the Navy and the Authority and that demolition of the buildings be in accordance with the terms of the leases.

At its regular meeting of June 11, 2008, the Board of Directors of the Authority (the "Authority") authorized Project Staff to execute the Twenty First Amendment to Lease Agreement N6247498RP00P99 to, among other things, add Building 7 to the premises of the South Waterfront Lease. At the same meeting, the Board authorized Project Staff to execute the Twenty Ninth Amendment to Lease Agreement N6247499RP42P12 to, among other things, add Building 92 to the premises of the Land and Structures Lease.

Based on advice from the Department of Public Works (DPW), Project Staff budgeted Capital Improvement Funds in the amount of \$359,000 for demolition of the buildings in the FY 2008-2009 budget.

The Authority has received approval from the Navy to demolish and remove Buildings 92 and 7 in accordance with the letter dated May 8, 2008, a copy of which is attached hereto as Exhibit B.

FINANCIAL IMPACT

Demolition and removal of the buildings will have an anticipated positive impact on the financial condition of the Authority. The buildings are not slated to generate revenue and funds have been set-aside for their demolition and removal. Project Staff does anticipate that the demolition of the buildings will offer the economic opportunity to generate revenue from the resulting vacant parcels, opportunities that were not available when the sites held structures containing hazardous materials.

RECOMMENDATION

Project Staff recommends that the Authority Board of Directors approve the demolition and removal of Buildings 92 and 7, and authorize the Director of Island Operations or her designee to issue a Notice to Proceed to DPW.

EXHIBIT

Exhibit A: Notice of Violation – Department of Building Inspection

Exhibit B: Navy Letter Authorizing Demolition of Buildings 92 and 7.

Prepared by: Marc McDonald, Facilities Manager
For: Mirian Saez, Director of Island Operations

[Demolition and Removal of Buildings 92 and 7]

Resolution Authorizing the Demolition and Removal of Buildings 92 and 7 located on Treasure Island

WHEREAS, Former Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United States of America, acting by and through the Department of the Navy (the "Navy"); and,

WHEREAS, The Base was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, In March 12, 1997, the City and County of San Francisco (the "City") and the Navy executed the Base Caretaker Cooperative Agreement, which has been amended from time to time (the "Cooperative Agreement"), for the management and operation of the Base, and in November 1998, the San Francisco Board of Supervisors adopted Resolution No. 938-98 authorizing the Authority to enter into the Cooperative Agreement with the Navy and to assume responsibility for certain caretaker duties at the Base, including Building Maintenance Services; and,

WHEREAS, The Cooperative Agreement includes various Functional Annexes that describe in detail the caretaker duties for which the Authority is responsible under the

Cooperative Agreement, among which Functional Annex 4 – Buildings and Roads Maintenance Services describes the responsibilities for the operation and maintenance of Buildings and Roads; and,

WHEREAS, Buildings 29 and 7 have suffered irreparable damage due to fire damage and their blighted condition created an attractive nuisance; and,

WHEREAS, On June 21, 2007, the San Francisco Department of Building Inspection declared Buildings 29 and 7 damaged beyond repair and therefore issued a Red Tag or notice to demolish both buildings; and,

WHEREAS, On May 8, 2008, the Navy authorized the demolition of Buildings 7 and 92, subject to the condition that the buildings be added to the premises of leases between the Navy and the Authority and that such demolitions take place in accordance with the terms of the subject leases; and,

WHEREAS, On June 11, 2008, the Board authorized Project Staff to execute an amendment to Navy Lease A6247498RP00P99 to include Building 7 within the leased premises, and to execute an amendment to Navy Lease N6247499RP42P12 to include Building 92 within the leased premises; and,

WHEREAS, Upon demolition of Buildings 92 and 7, the underlying land will be available to the Authority for subleasing or other revenue-generating activities; and,

WHEREAS, The Department of Public Works ("DPW") has estimated that it would cost approximately \$359,000 to demolish Buildings 29 and 7; and,

WHEREAS, The Authority has budgeted \$359,000 to demolish Buildings 29 and 7; Now, Therefore, Be It

RESOLVED, That the Board of Directors hereby approves the demolition and removal of Buildings 92 and 7 and authorizes the Director of Island Operations or her designee to

issue a notice to proceed to DPW to commence demolition of both buildings in accordance with the terms of the Navy Leases.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on October 22, 2008.

John Elberling, Secretary



DEPARTMENT OF THE NAVY
BASE REALIGNMENT AND CLOSURE
PROGRAM MANAGEMENT OFFICE WEST
1455 FRAZEE RD, SUITE 800
SAN DIEGO, CA 92108-4310



11011
Ser BPMOW.eal/0443
MAY 8 2008

Mr. Rich Rovetti
Treasure Island Development Authority
410 Avenue of the Palms
Bldg. One, 2nd Floor, Treasure Island
San Francisco, CA 94130

Dear Mr. Rovetti:

Thank you for your letter dated April 23, 2008 requesting approval to demolish Buildings 7, 92, and 227 on Treasure Island. After careful review of your request, we concur that the demolition of these buildings is necessary due to potential health and safety issues and agree that in their current state they present an attractive nuisance.

We understand that TIDA has budgeted for the demolition of these three buildings in your upcoming fiscal year which begins July 1, 2008.

We authorize you to demolish Building 227, in accordance with the terms of Lease N6247498RP00Q03.

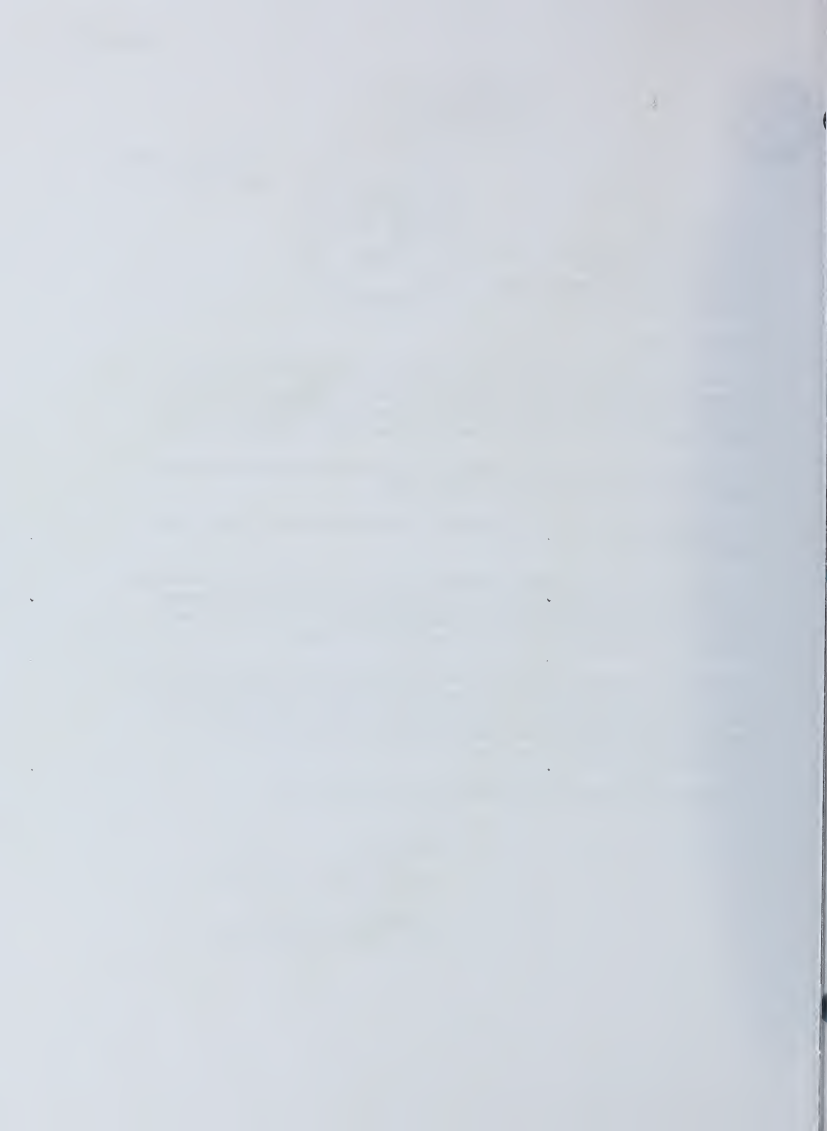
In order to allow the demolition of Buildings 7 and 92, we request that you add the two buildings to Lease N6247499RP42P12, commonly known as the Land & Structures Lease. Once the parties have executed the amendment, you would be authorized to demolish the buildings in accordance with the terms of that lease.

Additionally, we require a preconstruction conference with our Caretaker Site Office and Mr. James Sullivan our Base Environmental Coordinator prior to the work being accomplished. Specific items to be addressed will be utilities, lease provisions, and applicable federal, state and local laws and regulations regarding hazardous substance/waste handling and removal.

Please direct all questions or concerns to me at (619) 532-0788.

Sincerely,

ELIZABETH A. LARSON
Real Estate Contracting Officer





NOTICE OF VIOLATION

of San Francisco Municipal Codes Regarding Unsafe, Substandard or Noncomplying Structure or Land or Occupancy

DEPARTMENT OF BUILDING INSPECTION

City and County of San Francisco
1660 Mission St. • San Francisco, CA 94103 • 2414

☒ FIRST NOTICE
☐ SECOND NOTICE
☐ OTHER:

COMPLAINT NUMBER
ENTERED
HSMH/HIC
RUN 2007

ADDRESS Burnside 97 350 Avenue (1660) DATE 6/1/07

OCCUPANCY / USE RENTAL BLOCK 1 LOT 1

CONST. TYPE RENTAL STORIES 2 BASEMENT 0

OWNER / AGENT Barbara 97 350 Avenue (1660) PHONE # 558-6127

MAILING ADDRESS Barbara 97 350 Avenue (1660) CITY San Francisco ZIP 94103

PERSON CONTACTED @ SITE Barbara 97 350 Avenue (1660) PHONE # 558-6127

VIOLATION DESCRIPTION:

- ☒ WORK WITHOUT PERMIT (SFBC 106.1.1); ☐ ADDITIONAL WORK PERMIT REQUIRED (SFBC 106.4.7);
☐ EXPIRED PERMIT (SFBC 106.4.4); ☐ CANCELLED PERMIT (SFBC 106.3.7) PA#
☒ UNSAFE BUILDING (SFBC 102); ☐ SEE ATTACHMENTS

Burnside 97 350 Avenue (1660) Barbara 97 350 Avenue (1660) Occupied without permit for rental purposes. The building is located on the corner of Burnside and 350 Avenue (1660).

BC - Building Code HC - Housing Code PC - Plumbing Code EC - Electrical Code MC - Mechanical Code

CORRECTIVE ACTION:

- ☒ STOP ALL WORK SFBC 104.2.4
☐ FILE BUILDING PERMIT APPLICATION WITHIN DAYS ☐ WITH PLANS / A copy of this Notice Must Accompany the Permit Application.
☐ OBTAIN PERMIT WITHIN DAYS AND COMPLETE ALL WORK WITHIN DAYS INCLUDING FINAL INSPECTION AND SIGNOFF.
☐ CORRECT VIOLATIONS WITHIN DAYS ☐ NO PERMIT REQUIRED.
☐ YOU FAILED TO COMPLY WITH THE NOTICE(S) DATED THEREFORE THIS DEPT. HAS INITIATED ABATEMENT PROCEEDINGS.
☐ FAILURE TO COMPLY WITH THIS NOTICE WILL CAUSE ABATEMENT PROCEEDINGS TO BEGIN; SEE REVERSE SIDE FOR ADDITIONAL WARNINGS.

BARRICADE BUILT FROM SIDE OF BUILDING ON Burnside AND 350 Avenue (1660) Occupied without permit for rental purposes. The building is located on the corner of Burnside and 350 Avenue (1660).

INVESTIGATION FEE OR OTHER FEE WILL APPLY See reverse side for further explanation.
☒ 6x Fee (Work w/o Permit after 9/1/60) ☐ 2x Fee (Work Exceeding Scope of Permit)
☐ Other ☐ Inspection Fee \$ ☐ No penalty (Work w/o permit prior to 9/1/60)
APPROX. DATE OF WORK W/O PERMIT VALUE OF WORK PERFORMED WITHOUT PERMITS

BY ORDER OF THE DIRECTOR, DEPARTMENT OF BUILDING INSPECTION

CONTACT INSPECTOR David Lowe (Inspector - Print Name)
OFFICE HOURS 7:30 TO AM AND TO 4 PM
PHONE # 558-6127

y: (Inspector's Signature) David Lowe DISTRICT #
C: ☒ DCP ☒ EID ☐ PID ☐ BID ☐ HIS ☐ CED ☐ CPC ☐ DAD ☐ SFFD ☐ DPH ☐ RPC
☐ Building Inspection Division
3rd Floor, 1660 Mission St. 558-6096
☐ Housing Inspection Services
6th Floor, 1660 Mission St. 558-6220
☐ Electrical Inspection Division
3rd Floor, 1660 Mission St. 558-6030
☐ Plumbing Inspection Division
3rd Floor, 1660 Mission St. 558-6054
☐ Code Enforcement Division
3rd Floor, 1660 Mission St. 558-6454



NOTICE OF VIOLATION

of the San Francisco Municipal Codes Regarding Unsafe,
Substandard or Noncomplying Structure or Land or Occupancy

COMPLAINT NUMBER

DEPARTMENT OF BUILDING INSPECTION

☒ FIRST NOTICE
☐ SECOND NOTICE
☐ OTHER:

City and County of San Francisco
360 Mission St. • San Francisco, CA 94103 - 2414

ADDRESS Building 97 350 Howard St. (City) DATE 2007/10/03

OCCUPANCY / USE Office BLOCK 1 LOT 1

ONST. TYPE 5 STORIES 1 ☐ BASEMENT

If checked, this information is based upon site observation only. Further research may indicate that legal use is different. If so, a revised Notice of Violation will be issued.

OWNER / AGENT PHONE #

MAILING ADDRESS CITY ZIP

PERSON CONTACTED @ SITE PHONE #

VIOLATION DESCRIPTION:

WORK WITHOUT PERMIT (SFBC 106.1.1); ☐ ADDITIONAL WORK-PERMIT REQUIRED (SFBC 106.4.7);

EXPIRED PERMIT (SFBC 106.4.4); ☐ CANCELLED PERMIT (SFBC 106.3.7) PA#

UNSAFE BUILDING (SFBC 102); ☐ SEE ATTACHMENTS CODE / SECTION #

Building 97 has been severely damaged by fire. Approximately 60% of the building structure has collapsed. Approximately 70% of exterior walls have been severely damaged or destroyed.

BC - Building Code HC - Housing Code PC - Plumbing Code EC - Electrical Code MC - Mechanical Code

CORRECTIVE ACTION:

STOP ALL WORK SFBC 104.2.4

FILE BUILDING PERMIT APPLICATION WITHIN DAYS ☐ WITH PLANS A Copy of This Notice Must Accompany the Permit Application.

OBTAIN PERMIT WITHIN DAYS AND COMPLETE ALL WORK WITHIN DAYS, INCLUDING FINAL INSPECTION AND SIGNOFF.

CORRECT VIOLATIONS WITHIN DAYS. ☐ NO PERMIT REQUIRED.

YOU FAILED TO COMPLY WITH THE NOTICE(S) DATED, THEREFORE THIS DEPT. HAS INITIATED ABATEMENT PROCEEDINGS.

FAILURE TO COMPLY WITH THIS NOTICE WILL CAUSE ABATEMENT PROCEEDINGS TO BEGIN. SEE REVERSE SIDE FOR ADDITIONAL WARNINGS.

VIOLATION IS FEEL FROM FALL OF BUILDING ON EAST AND WEST SIDE OF BUILDING. BUILDING IS SEVERELY DAMAGED AND COLLAPSED. APPROXIMATELY 70% OF EXTERIOR WALLS HAVE BEEN SEVERELY DAMAGED OR DESTROYED.

INVESTIGATION FEE OR OTHER FEE WILL APPLY See reverse side for further explanation

☐ 9x Fee (Work w/o Permit after 9/1/60) ☐ 2x Fee (Work Exceeding Scope of Permit) ☐ No penalty (Work w/o permit prior to 9/1/60)
☐ Other ☐ Reinspection Fee \$

PROX. DATE OF WORK W/O PERMIT VALUE OF WORK PERFORMED WITHOUT PERMITS

BY ORDER OF THE DIRECTOR, DEPARTMENT OF BUILDING INSPECTION

CONTACT INSPECTOR David Lewis ☒ Building Inspection Division 3rd Floor, 1660 Mission St. 558-6096
(Inspector - Print Name)

OFFICE HOURS 7:30 TO 4 AM AND TO 4 PM ☒ Housing Inspection Services 6th Floor, 1660 Mission St. 558-6220

PHONE # 558-6127 ☐ Electrical Inspection Division 3rd Floor, 1660 Mission St. 558-6030

Inspector's Signature [Signature] DISTRICT # ☐ Plumbing Inspection Division 3rd Floor, 1660 Mission St. 558-6054

☐ DCP ☒ EID ☒ PID ☐ BID ☐ HIS ☐ CED ☐ CPC ☐ DAD ☐ SFFD ☐ DPH ☐ RPC ☐ Code Enforcement Division 3rd Floor, 1660 Mission St. 558-6454



NOTICE OF VIOLATION

of the San Francisco Municipal Codes Regarding Use, Safe, Substandard or Noncomplying Structure or Land or Occupancy

DEPARTMENT OF BUILDING INSPECTION

City and County of San Francisco
1660 Mission St. • San Francisco, CA 94103 - 2414

☒ FIRST NOTICE
☐ SECOND NOTICE
☐ OTHER:

COMPLAINT NUMBER

ADDRESS Building 7 850 4th St (between H & I) (1st floor)

DATE 6/21/07

OCCUPANCY / USE B - S - 3

BLOCK _____ LOT _____
STORIES 2 ☐ BASEMENT

CONST. TYPE 5

☒ If checked, this information is based upon site observation only. Further research may indicate that legal use is different. If so, a revised Notice of Violation will be issued.

OWNER / AGENT _____

PHONE # _____

MAILING ADDRESS _____

CITY _____

ZIP _____

PERSON CONTACTED @ SITE _____

PHONE # _____

VIOLATION DESCRIPTION:

☐ WORK WITHOUT PERMIT (SFBC 106.1.1); ☐ ADDITIONAL WORK-PERMIT REQUIRED (SFBC 106.4.7);

☐ EXPIRED PERMIT (SFBC 106.4.4); ☐ CANCELLED PERMIT (SFBC 106.3.7) PA# _____

☒ UNSAFE BUILDING (SFBC 102); ☐ SEE ATTACHMENTS

CODE / SECTION #

Building 7 is structurally damaged by a fire on 6/1/07. The building is
the burning and the present status of the building is severe and
variable. Approx 75% of the roof structure is collapsed. Approx 70%
of the 2nd floor walls are destroyed by fire. There is no
structural support on the majority of exterior walls. Portions
of the walls are collapsing and buckling the remaining on
the walls are also walls are in danger of collapsing.

BC - Building Code HC - Housing Code PC - Plumbing Code EC - Electrical Code MC - Mechanical Code

CORRECTIVE ACTION:

☒ STOP ALL WORK SFBC 104.2.4

☐ FILE BUILDING PERMIT APPLICATION WITHIN _____ DAYS (☐ WITH PLANS) A copy of this Notice Must Accompany the Permit Application.

☐ OBTAIN PERMIT WITHIN _____ DAYS AND COMPLETE ALL WORK WITHIN _____ DAYS, INCLUDING FINAL INSPECTION AND SIGNOFF.

☐ CORRECT VIOLATIONS WITHIN _____ DAYS. ☐ NO PERMIT REQUIRED.

☐ YOU FAILED TO COMPLY WITH THE NOTICE(S) DATED _____, THEREFORE THIS DEPT. HAS INITIATED ABATEMENT PROCEEDINGS.

☐ FAILURE TO COMPLY WITH THIS NOTICE WILL CAUSE ABATEMENT PROCEEDINGS TO BEGIN. SEE REVERSE SIDE FOR ADDITIONAL WARNINGS.

Building 7 is structurally damaged by a fire on 6/1/07. The building is
the burning and the present status of the building is severe and
variable. Approx 75% of the roof structure is collapsed. Approx 70%
of the 2nd floor walls are destroyed by fire. There is no
structural support on the majority of exterior walls. Portions
of the walls are collapsing and buckling the remaining on
the walls are also walls are in danger of collapsing.

INVESTIGATION FEE OR OTHER FEE WILL APPLY See reverse side for further explanation. WITHIN 24 HRS. THE

☐ \$x Fee (Work w/o Permit after 9/1/80)

☐ Other _____

☐ \$2x Fee (Work Exceeding Scope of Permit)

☐ Reinspection Fee \$ _____

☐ No penalty (Work w/o permit prior to 9/1/80).

PPROX. DATE OF WORK W/O PERMIT _____

VALUE OF WORK PERFORMED WITHOUT PERMITS _____

BY ORDER OF THE DIRECTOR, DEPARTMENT OF BUILDING INSPECTION

CONTACT INSPECTOR _____

(Inspector - Print Name)

OFFICE HOURS 7:30 TO _____ AM AND _____ TO 4 P. PM

PHONE # 558-6177

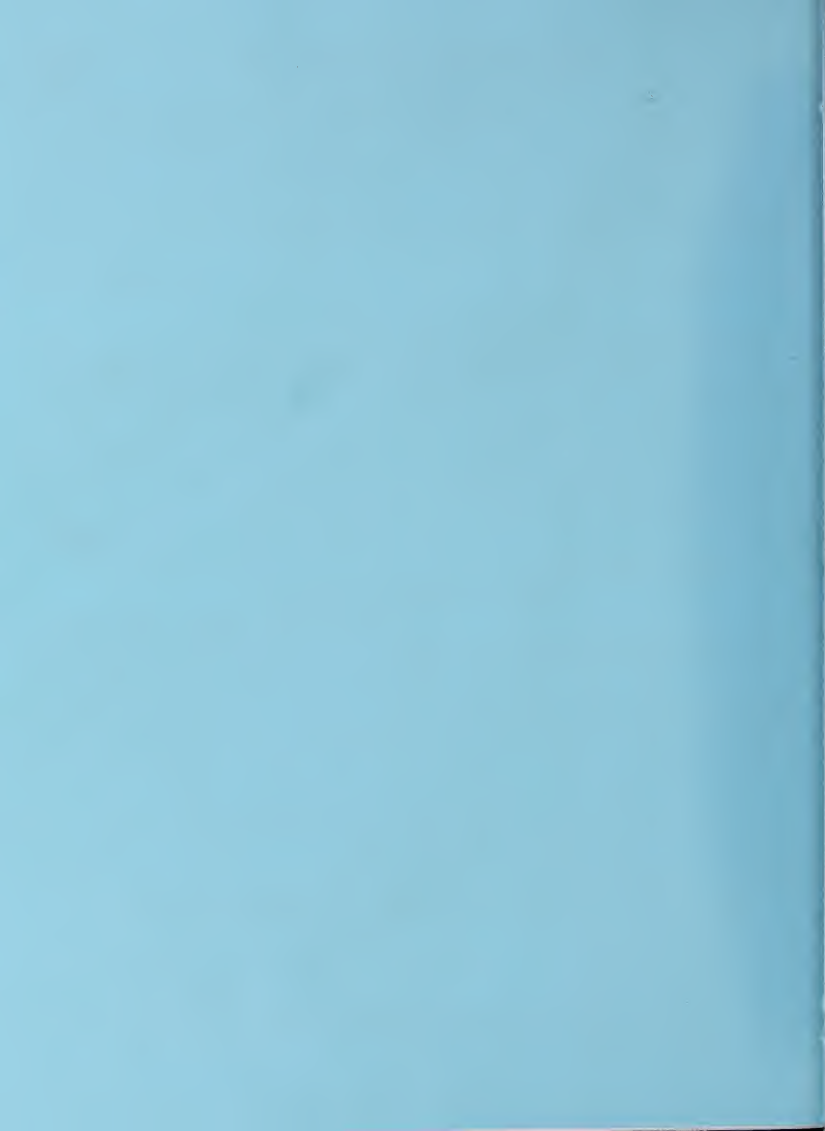
/s/ (Inspector's Signature) _____

DISTRICT # _____

C: ☒ DCP ☒ EID ☒ PID ☐ BID ☐ HIS ☐ CED ☐ CPC ☐ DAD ☐ SFFD ☐ DPH ☐ RPC

☒ Building Inspection Division
3rd Floor, 1660 Mission St. 558-6096
☒ Housing Inspection Services
6th Floor, 1660 Mission St. 558-6220
☐ Electrical Inspection Division
3rd Floor, 1660 Mission St. 558-6030
☐ Plumbing Inspection Division
3rd Floor, 1660 Mission St. 558-6054
☐ Code Enforcement Division
3rd Floor, 1660 Mission St. 558-6454





AGENDA ITEM 8E
Treasure Island Development Authority
City and County of San Francisco
Meeting of October 22, 2008

Subject: Resolution Retroactively Approving and Authorizing the Execution of a Sublease with The San Francisco Sheriff's Department Five Keys Adult School, a California non-profit corporation, for approximately 3,960 square feet of classroom space located at Building 33 D at the Former Treasure Island Elementary School - 401 13th Street, Treasure Island.

Contact Richard A. Rovetti, Deputy Director of Real Estate

Phone 415-274-3365

BACKGROUND

The San Francisco Sheriff's Department Five Keys Adult School, a California non-profit corporation (hereafter referred to as "FKAS"), a California public charter high school in partnership with the Haight Ashbury Free Clinic and Walden House, provides academic and vocational training to 30 - 50 women at Treasure Island. The goal of this program will be to provide a high diploma and job skills in the culinary and hospitality industry.

FKAS will provide daily vocational (culinary / hospitality) classes in cooking, restaurant operations and nutrition as part of its overall vocational and health curriculum. Participants in this unique adult high school, not only have the opportunity to attain a high school diploma, but also can leave the academic program understanding how food and nutrition can support their recovery and rehabilitation and lead to gainful employment in the hospitality industry. FKAS's goal is that these participants will feel empowered to create new patterns of living, working, eating and self-nurturing that will continue to benefit them, and their families, when they graduate from the program.

Under the proposed Sublease, FKAS is requesting a month-to-month term retroactively commencing on October 1, 2008 for approximately 3,960 square feet of classroom space located at Building 33 D at the Former Treasure Island Elementary School - 401 13th Street, Treasure Island.

SUBLEASE TERMS AND CONDITIONS

FKAS will sign the Authority's standard form Sublease document. The salient terms and conditions of the proposed Sublease include the following:

Premises: Approximately 3,960 square feet of classroom space located at Building 33 D at the Former Treasure Island Elementary School - 401 13th Street, Treasure

Location: Former Treasure Island Elementary School - 401 13th Street

Commencement Date: October 1, 2008

Lease Expiration Date: November 30, 2009

Lease Term: Month-to-Month

Base Rent: \$396.00

Use: General office and classroom use only and for no other purpose.

Security Deposit: Waived

PROPOSED MONTHLY BASE RENT

Under the Authority's Interim Subleasing Policy, the Minimum Rental Rate Schedule sets ranges of minimum sublease rental rates per square foot by type of use and facility for office and industrial space. Authority Staff reviews and analyzes available commercial data including market comparables of properties similarly situated to the Authority properties and evaluates the Authority transactions over the past 12 months to establish fair market value. The Authority Board last approved the Minimum Rental Rate Schedule in July 2007, by Resolution No. 07-54-07/11. However, when the appraisal was conducted, the former Treasure Island Elementary School was excluded from the properties being appraised because the school was under control of the San Francisco Unified School District.

Authority Staff and FKAS have negotiated a new Sublease with a monthly rental rate of \$.10 per square foot. Although a rental rate for this property has not been established, Authority Staff believes \$.10 per square foot along with the public and community benefits provided by FKAS represents fair market value for this portion of the former Treasure Island Elementary School at this time.

FINANCIAL IMPACT

The new Sublease will provide an increase of approximately \$4,752.00 per year to the Authority's budget.

RECOMMENDATION

The Authority Staff recommends that the Authority Board of Directors approve the proposed Sublease with the San Francisco Sheriff's Department Five Keys Adult School, a California non-profit corporation, and authorize the Director of Island Operations or her designee to execute said Sublease for the rental of approximately 3,960 square feet of classroom space located at Building 33 D at the Former Treasure Island Elementary School - 401 13th Street, Treasure Island in the City and County of San Francisco for a month-to-month term and subject to the additional terms and conditions set forth above.

EXHIBIT

EXHIBIT A – Sublease between the Treasure Island Development Authority and the San Francisco Sheriff's Department Five Keys Adult School, a California non-profit corporation

Prepared by: Richard A. Rovetti, Deputy Director of Real Estate
For: Mirian Saez, Director of Island Operations



[Sublease with Sheriff's Department Five Keys Adult School]

Resolution Retroactively Approving and Authorizing the Execution of a Sublease with The San Francisco Sheriff's Department Five Keys Adult School, a California non-profit corporation, for approximately 3,960 square feet of classroom space located at Building 33 D at the Former Treasure Island Elementary School - 401 13th Street, Treasure Island.

WHEREAS, Former Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United States of America, acting by and through the Department of the Navy; and,

WHEREAS, The Base was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco (the "City"); and,

WHEREAS, The San Francisco Sheriff's Department Five Keys Adult School, a California non-profit corporation (hereafter referred to as "FKAS"), a California public charter high school in partnership with the Haight Ashbury Free Clinic and Walden House, provides academic and vocational training to 30 – 50 women at Treasure Island through its culinary and hospitality program; and,

WHEREAS, Under the proposed Sublease, FKAS is requesting a month-to-month Sublease for approximately 3,960 square feet of classroom space located at Building 33 D at

the Former Treasure Island Elementary School - 401 13th Street retroactively commencing on October 1, 2008 with a base rent of \$396.00 per month or \$.10 per square foot; and,

WHEREAS, Although the Authority has not conducted an appraisal of the former Treasure Island Elementary School, Authority Staff believes that the proposed base rent of \$.10 per square foot per month along with the public and community benefits provided by FKAS represents fair market value for this portion of the former Treasure Island Elementary School at this time; now, therefore, be it

RESOLVED, That the Board of Directors hereby approves the Sublease to FKAS for approximately 3,960 square feet of classroom space located at Building 33 D at the Former Treasure Island Elementary School - 401 13th Street and authorizes the Director of Island Operations or her designee to execute said Sublease in substantially the form attached hereto as Exhibit A; and be it

FURTHER RESOLVED, That the Board of Directors hereby finds that (i) entering into the Sublease will serve the goals of the Authority and the public interests of the City, and (ii) the terms and conditions of the Sublease are economically reasonable; and be it

FURTHER RESOLVED, That the Board of Directors hereby authorizes the Director of Island Operations to enter into any additions, amendments or other modifications to the Sublease that the Director of Island Operations determines in consultation with the City Attorney are in the best interests of the Authority, that do not materially increase the obligations or liabilities of the Authority, that do not materially reduce the rights of the Authority, and are necessary or advisable to complete the preparation and approval of the Sublease, such determination to be conclusively evidenced by the execution and delivery by the Director of Island Operations of the documents and any amendments thereto.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on October 8, 2008.

John Elberling, Secretary



ITEM 8E EXHIBIT A

SUBLEASE No. 63

between

TREASURE ISLAND DEVELOPMENT AUTHORITY

as Sublandlord

and

SAN FRANCISCO SHERIFF'S DEPARTMENT

FIVE KEYS ADULT SCHOOL

a California non-profit corporation

as Subtenant

For the Sublease of

Building 33 D

at Former Treasure Island Elementary School - 401 13th Street

Treasure Island Naval Station
San Francisco, California

October 1, 2008

TREASURE ISLAND SUBLEASE

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LIST OF EXHIBITS:

EXHIBIT A – Master Lease
EXHIBIT B – Diagram of Premises
EXHIBIT C – Cover Page of Seismic Report
EXHIBIT D – Rules and Regulations
EXHIBIT E – Utilities
EXHIBIT F – TIHDI Work Force Hiring Plan

ADDENDUM TO SUBLEASE

TREASURE ISLAND SUBLEASE

THIS SUBLEASE (the "Sublease"), dated for reference purposes only as of October 1, 2008, is by and between the TREASURE ISLAND DEVELOPMENT AUTHORITY, a California public benefit corporation ("Sublandlord"), and SAN FRANCISCO SHERIFF'S DEPARTMENT FIVE KEYS ADULT SCHOOL, a California non-profit corporation ("Subtenant"). From time to time, Sublandlord and Subtenant together shall be referred to herein as the "Parties".

This Sublease is made with reference to the following facts and circumstances:

A. The United States of America, acting by and through the Department of Navy ("Master Landlord") and Sublandlord entered into a lease dated November 19, 1998, as amended from time to time (the "Master Lease"), a copy of which is attached hereto as Exhibit A. Under the Master Lease, the Master Landlord leased to Sublandlord certain real property located on Treasure Island Naval Station (the "Property"), as more particularly described in the Master Lease.

B. Subtenant desires to sublet from Sublandlord, and Sublandlord is willing to sublet to Subtenant, portions of the Treasure Island School located on the Property on the terms and conditions contained in this Sublease.

NOW THEREFORE, Sublandlord and Subtenant hereby agree as follows:

1. BASIC SUBLEASE INFORMATION

The following is a summary of basic sublease information (the "Basic Sublease Information"). Each item below shall be deemed to incorporate all of the terms of this Sublease pertaining to such item. In the event of any conflict between the information in this Section and any more specific provision of this Sublease, the more specific provision shall control.

Sublease Reference Date: October 1, 2008

Sublandlord: TREASURE ISLAND DEVELOPMENT
AUTHORITY, a California public benefit
corporation

Subtenant:	SAN FRANCISCO SHERIFF'S DEPARTMENT FIVE KEYS ADULT SCHOOL, a California non-profit corporation
Subleased Premises (Section 2.1):	Approximately 3,960 square feet of classroom space located at Building 33 D at the Former Treasure Island Elementary School - 401 13 th Street, Treasure Island, San Francisco, CA., as more particularly shown on <u>Exhibit B</u> , attached hereto including the improvements thereon.
Facility:	Former Treasure Island Elementary School - 401 13 th Street
Term: (Section 4.1):	Commencement date: October 1, 2008 Expiration date: November 30, 2009 Notwithstanding anything in this Sublease to the contrary, either Sublandlord or Subtenant, in its sole discretion, may terminate this Sublease for any reason upon delivery of not less than thirty (30) days' prior written notice to the other party.
Base Rent (Section 5.1):	Three Hundred and Ninety Six Dollars (\$396.00) per month (\$.10 per square foot)
Rent Adjustment Date(s) (Section 5.2):	Not Applicable
Rent Increase Percentage (Section 5.2):	Not Applicable
Use (Section 7.1):	General office and classroom use only and for no other purpose.
Repair Amount (Section 13.1):	Ten Thousand Dollars (\$10,000)
Security Deposit (Section 19.3):	Waived

Notice Address of Sublandlord (Section 21.1): Treasure Island Development Authority
Treasure Island Project Office
410 Avenue of Palms
Building 1, 2nd Floor
Treasure Island
San Francisco, CA 94130
Attn: Mirian Saez
Director of Island Operations
Fax No.: 415-274-0299

with a copy to:

Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Attn: Eileen M. Malley
Fax No.: (415) 554-4755

Notice Address of Subtenant (Section 21.1): SAN FRANCISCO SHERIFF'S
DEPARTMENT
FIVE KEYS ADULT SCHOOL
70 Oak Grove Street
San Francisco, Ca. 94107
Attn: Steve Good
Phone No. (415) 734-3311
Fax No. (415) 734-3314

Notice Address of Master Landlord (Section 21.1): Department of The Navy
Base Realignment and Closure
Program Management Office West
1455 Frazee Road, Suite 900
San Diego, CA 92108-4310
Fax #: (619) 532-9858

Other Noteworthy Provisions (Addendum Termination by Sublandlord
Section 4.4)

2. **PREMISES**

2.1. **Subleased Premises.** Subject to the terms, covenants and conditions of this Sublease, Sublandlord subleases to Subtenant the Premises. Subtenant shall have the non-exclusive right

to use, together with other subtenants in the Facility, the lobbies, corridors, elevators, stairways and other public areas of the Facility and the Property (collectively, the "Common Areas"), and the non-exclusive right of access to and from the Premises by the main entrances to the Facility and the Property.

In the event Subtenant uses or occupies space outside the Premises without the prior written consent of Sublandlord (the "Encroachment Area"), then upon written notice from Sublandlord ("Notice to Vacate"), Subtenant shall immediately vacate such Encroachment Area and pay as additional rent for each day Subtenant used, occupied, uses or occupies such Encroachment Area, an amount equal to the rentable square footage of the Encroachment Area, multiplied by the higher of the (a) highest rental rate then approved by Sublandlord's Board of Directors for the Premises or the Facility, or (b) then current fair market rent for such Encroachment Area, as reasonably determined by Sublandlord (the "Encroachment Area Charge"). If Subtenant uses or occupies such Encroachment Area for a fractional month, then the Encroachment Area Charge for such period shall be prorated based on a thirty (30) day month. In no event shall acceptance by Sublandlord of the Encroachment Area Charge be deemed a consent by Sublandlord to the use or occupancy of the Encroachment Area by Subtenant or a waiver (or be deemed as waiver) by Sublandlord of any and all other rights and remedies of Sublandlord under this Sublease (including Subtenant's obligation to indemnify, defend and hold Sublandlord harmless as set forth in the last paragraph of this Section 2.1), at law or in equity.

In addition to the foregoing amount, Subtenant shall pay to Sublandlord, as additional rent, an amount equaling Two Hundred Dollars (\$200.00) upon delivery of the initial Notice to Vacate plus the actual cost associated with a survey of the Encroachment Area. In the event Sublandlord determines during subsequent inspection(s) that Subtenant has failed to vacate the Encroachment Area, then Subtenant shall pay to Sublandlord, as additional rent, an amount equaling Three Hundred Dollars (\$300.00) for each additional Notice to Vacate, if applicable, delivered by Sublandlord to Subtenant following each inspection. The parties agree that the charges associated with each inspection of the Encroachment Area, delivery of each Notice to Vacate and survey of the Encroachment Area represent a fair and reasonable estimate of the administrative cost and expense which Sublandlord will incur by reason of Sublandlord's inspection of the Premises, issuance of each Notice to Vacate and survey of the Encroachment Area. Subtenant's failure to comply with the applicable Notice to Vacate and Sublandlord's right to impose the foregoing charges shall be in addition to and not in lieu of any and all other rights and remedies of Sublandlord under this Sublease, at law or in equity. The amounts set forth in this Section 2.1 shall be due within three (3) business days following the applicable Notice to Vacate and/or separate invoice relating to the actual cost associated with a survey of the Encroachment Area.

In addition to the rights and remedies of Sublandlord as set forth in the immediately foregoing two paragraphs of this Section 2.1, the terms and conditions of the indemnity and exculpation provision set forth in Section 16 below shall also apply to Subtenant's use and occupancy of the Encroachment Area as if the Premises originally included the Encroachment

Area, and Subtenant shall additionally indemnify, defend and hold Sublandlord harmless from and against any and all loss or liability resulting from delay by Subtenant in so surrendering the Encroachment Area including, without limitation, any loss or liability resulting from any claims against Sublandlord made by any tenant or prospective tenant founded on or resulting from such delay and losses to Sublandlord due to lost opportunities to lease any portion of the Encroachment Area to any such tenant or prospective tenant, together with, in each case, actual attorneys' fees and costs.

By placing their initials below, each party specifically confirms the accuracy of the statements made in this Section 2.1 and the reasonableness of the amount of the charges described in this Section 2.1.

Initials: _____ Sublandlord _____ Subtenant

2.2. As Is Condition of Premises.

(a) **Inspection of Premises.** Subtenant represents and warrants that Subtenant has conducted a thorough and diligent inspection and investigation, either independently or through its officers, directors, employees, agents, affiliates, subsidiaries, licensees and contractors, and their respective heirs, legal representatives, successors and assigns, and each of them ("Subtenant's Agents"), of the Premises and the suitability of the Premises for Subtenant's intended use. Subtenant is fully aware of the needs of its operations and has determined, based solely on its own investigation, that the Premises are suitable for its operations and intended uses. As part of its inspection of the Premises, Subtenant acknowledges its receipt and review of the Seismic Report referenced in Section 2.2(c) below and the Joint Inspection Report referenced in Section 6 of the Master Lease.

(b) **As Is; Disclaimer of Representations.** Subtenant acknowledges and agrees that the Premises are being subleased and accepted in their "AS IS, WITH ALL FAULTS" condition, without representation or warranty of any kind, and subject to all applicable laws, statutes, ordinances, resolutions, regulations, proclamations, orders or decrees of any municipal, county, state or federal government or other governmental or regulatory authority with jurisdiction over the Premises, or any portion thereof, whether currently in effect or adopted in the future and whether or not in the contemplation of the Parties, including without limitation the orders and citations of any regulatory authority with jurisdiction over life and safety issues concerning the Premises governing the use, occupancy, management, operation and possession of the Premises ("Laws"). Without limiting the foregoing, this Sublease is made subject to any and all covenants, conditions, restrictions, easements and other title matters affecting the Premises, or any portion thereof, whether or not of record. Subtenant acknowledges and agrees that neither Sublandlord, the City and County of San Francisco ("City"), nor any of their respective officers, directors, employees, agents, affiliates, subsidiaries, licensees or contractors, or their respective heirs, legal representatives, successors and assigns ("Sublandlord's Agents") have made, and Sublandlord hereby disclaims, any representations or warranties, express or implied, concerning (i) title or

survey matters affecting the Premises, (ii) the physical, geological, seismological or environmental condition of the Premises, including, without limitation, the matters described in the Seismic Report (as defined below), (iii) the quality, nature or adequacy of any utilities serving the Premises, (iv) the feasibility, cost or legality of constructing any Alterations on the Premises if required for Subtenant's use and permitted under this Sublease, (v) the safety of the Premises, whether for the use by Subtenant or any other person, including Subtenant's Agents or Subtenant's clients, customers, vendors, invitees, guests, members, licensees, assignees or subtenants ("Subtenant's Invitees"), or (vi) any other matter whatsoever relating to the Premises or their use, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose.

(c) **Seismic Report.** Without limiting Section 2.2(b) above, Subtenant expressly acknowledges for itself and Subtenant's Agents that it received and read that certain report dated August 1995, entitled "*Treasure Island Reuse Plan: Physical Characteristics, Building and Infrastructure Conditions*," prepared for the Office of Military Base Conversion, Department of City Planning, and the Redevelopment Agency of the City and County of San Francisco (the "Seismic Report"), a copy of the cover page of which is attached hereto as Exhibit C. Subtenant has had an adequate opportunity to review the Seismic Report with expert consultants of its own choosing. The Seismic Report, among other matters, describes the conditions of the soils of the Property and points out that in the area of the Property where the Premises are located, an earthquake of magnitude 7 or greater is likely to cause the ground under and around the Premises to spread laterally to a distance of ten (10) or more feet and/or result in other risks. In that event, there is a significant risk that any structures or improvements located on or about the Premises, may fail structurally and collapse.

3. COMPLIANCE WITH MASTER LEASE

3.1. **Incorporation by Reference.** All of the terms and conditions of the Master Lease are hereby incorporated by reference into this Sublease as if fully set forth herein.

3.2. **Performance of Master Landlord's Obligations.** Sublandlord does not assume the obligations of Master Landlord under the Master Lease. With respect to work, services, repairs, restoration, the provision of utilities or HVAC services, or the performance of any other obligations required of Master Landlord under the Master Lease, Sublandlord's sole obligation with respect thereto shall be to request the same, on request in writing by Subtenant, and to use reasonable efforts to obtain the same from Master Landlord. Subtenant shall cooperate with Sublandlord as may be required to obtain from Master Landlord any such work, services, repairs, repainting, restoration, the provision of utilities or HVAC services, or the performance of any of Master Landlord's obligations under the Master Lease.

3.3. **Conflict.** If any of the provisions of this Sublease conflict with any portion of the Master Lease as incorporated herein, then the terms of the Master Lease shall govern.

3.4. **Compliance with Master Lease.** Subtenant shall not do or permit to be done anything which would constitute a violation or a breach of any of the terms, conditions or provisions of the Master Lease or which would cause the Master Lease to be terminated or forfeited by virtue of any rights of termination reserved by or vested in the Master Landlord.

4. TERM

4.1. **Term of Sublease.** The term of this Sublease (the "Term") shall commence on the Commencement Date set forth in the Basic Sublease Information, and expire on the Expiration Date set forth in the Basic Sublease Information, unless sooner terminated pursuant to the terms of this Sublease.

4.2. **Effective Date.** This Sublease shall become effective on the date (the "Effective Date") upon the later of (i) the Parties' execution and delivery of this Sublease, (ii) Sublandlord's Board of Director's approval of this Sublease at a duly noticed meeting, if such approval is required, or (iii) the Commencement Date.

4.3. **Automatic Termination.** If the Master Lease terminates for any reason whatsoever, this Sublease shall automatically terminate and the Parties shall thereafter be relieved from all liabilities and obligations under this Sublease, except for liabilities and obligations which expressly survive termination of this Sublease. Subtenant acknowledges and agrees that it has reviewed the Master Lease, is aware of the circumstances upon which the Master Lease may be terminated and hereby assumes all risks associated with the automatic termination of this Sublease because of the termination of the Master Lease.

4.4. **Termination by Sublandlord.** Subtenant's period of occupancy of the Premises is subject to Sublandlord's right to terminate this Sublease as provided herein at such time as Sublandlord determines, in its sole discretion, that the Premises are needed in connection with a Sublandlord program or project. As used herein, "Sublandlord program or project" shall mean any development or renovation, by public and/or private parties, of the building or land in or on which the Premises are located. In the event of any such development or renovation, Sublandlord shall have the right to terminate this Sublease without liability or expense upon delivery to Subtenant of thirty (30) days prior written notice of such termination. Subtenant agrees and shall be required to surrender possession of the Premises by the end of such thirty (30) day period.

4.5. **No Relocation Assistance; Waiver of Claims.** Subtenant acknowledges that it will not be a displaced person as that term is defined under the California Government Code Section 7260 et seq. ("California Relocation Act") and the Uniform Relocation Assistance and Real Property Policies Act, 42 U.S. C. 4601 et seq. ("URA"), and that Subtenant will not be entitled to any relocation benefits provided under the California Relocation Act and the URA, including any moving expenses, reimbursement for costs associated with increased rent, loss of goodwill or

other costs related to the termination of Subtenant's Lease and Subtenant's relocation from the Premises. Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims against, and covenants not to sue, Sublandlord, its departments, commissions, officers, directors and employees, agents, contractors and successors and assigns and all persons acting by, through or under each of them, under any laws, including, without limitation, any and all claims for relocation benefits or assistance from Sublandlord under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260, et seq., and the Uniform Relocation Assistance and Real Property Acquisition Policies Act, 42 U.S.C. 4601, et seq.).

Initials: _____ Subtenant

5. RENT

5.1. **Base Rent.** Throughout the Term, beginning on the Commencement Date, Subtenant shall pay to Sublandlord Base Rent in the amount set forth in the Basic Sublease Information. Base Rent shall be paid to Sublandlord without prior demand and without any deduction, setoff, or counterclaim whatsoever. Base Rent shall be payable on or before the first day of each month, in advance, at the Notice Address of Sublandlord provided in Section 21.1 hereof or such other place as Sublandlord may designate in writing. If the Commencement Date occurs on a date other than the first day of a calendar month, or the Sublease terminates on a day other than the last day of a calendar month, then the monthly payment of Base Rent for such fractional month shall be prorated based on a thirty (30) day month.

5.2. **Adjustments in Base Rent.** If this Sublease has not been terminated, then on each Rent Adjustment Date set forth in the Basic Sublease Information, the Base Rent shall be increased by the Rent Increase Percentage set forth in the Basic Lease Information.

5.3. **Additional Charges.** In addition to Base Rent, Subtenant shall pay all other charges related to the Premises otherwise payable by Subtenant to Sublandlord hereunder, including, without limitation, all late charges and default interest attributable to late payments and/or defaults of Subtenant hereunder, all utility charges, and any amounts other than Base Rent that shall become due and payable by Subtenant under this Sublease (together, the "Additional Charges"). Together, Base Rent and Additional Charges shall hereinafter be referred to as the "Rent".

5.4. **Late Charge.** If Subtenant fails to pay any Rent within ten (10) days after the date the same is due and payable, such unpaid amount will be subject to a late payment charge equal to six percent (6%) of the unpaid amount in each instance. The late payment charge has been agreed upon by Sublandlord and Subtenant, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that Sublandlord will incur as a result of any such failure by Subtenant, the actual costs thereof being extremely difficult if not impossible to determine. The late payment charge constitutes liquidated damages to compensate Sublandlord

for its damages resulting from such failure to pay and Subtenant shall promptly pay such charge to Sublandlord together with such unpaid amount.

5.5. Default Interest. If any Rent is not paid within ten (10) days following the due date, such unpaid amount shall bear interest from the due date until paid at the rate of ten percent (10%) per year. However, interest shall not be payable on late charges incurred by Subtenant nor on any amounts on which late charges are paid by Subtenant to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Subtenant.

6. TAXES, ASSESSMENTS AND OTHER EXPENSES

6.1. Taxes and Assessments, Licenses, Permit Fees and Liens.

(a) **Payment Responsibility.** Subtenant shall pay any and all real and personal property taxes, including, but not limited to, possessory interest taxes, general and special assessments, excises, licenses, permit fees and other charges and impositions of every description levied on or assessed against the Premises, any Alterations, Subtenant's Personal Property, or Subtenant's use of the Premises or any Alterations during the Term. Subtenant shall make all such payments directly to the charging authority when due and payable and at least ten (10) days prior to delinquency. However, with respect to real property taxes and assessments levied on or assessed against the Premises for which Sublandlord receives the tax bill directly from the taxing authority, Subtenant shall reimburse Sublandlord for payment of such sums immediately upon demand.

(b) **Taxability of Possessory Interest.** Without limiting the foregoing, Subtenant recognizes and agrees that this Sublease may create a possessory interest subject to property taxation and that Subtenant may be subject to the payment of property taxes levied on such interest.

(c) **No Liens.** Subtenant shall not allow or suffer a lien for any taxes payable by Subtenant hereunder to be imposed upon the Premises or upon any equipment or other property located thereon without discharging the same as soon as practicable; and in no event subsequent to delinquency.

(d) **Reporting Information.** Subtenant agrees to provide such information as Sublandlord may request to enable Sublandlord to comply with any possessory interest tax reporting requirements applicable to this Sublease.

6.2. Evidence of Payment. Subtenant shall, upon Sublandlord's request, furnish to Sublandlord within ten (10) days after the date when any charges are due and payable, official receipts of the appropriate taxing authority or other evidence reasonably satisfactory to Sublandlord, evidencing payment thereof.

7. USE; COVENANTS TO PROTECT PREMISES

7.1. Subtenant's Permitted Use. Subtenant may use the Premises for the Permitted Use set forth in the Basic Sublease Information, but for no other purpose without the prior written consent of Sublandlord, which consent may be given or withheld in Sublandlord's sole and absolute discretion.

7.2. Subtenant's Access to the Premises. As provided in Section 30 of the Master Lease, Subtenant shall have access to the Premises on a 24-hours per day, seven days a week basis; provided, however, Subtenant shall coordinate such access with the local representative of Master Landlord.

7.3. Rules and Regulations. Subtenant agrees to adhere to all rules and regulations regarding the Premises attached hereto as Exhibit D, and any additional rules regarding security, ingress, egress, safety and sanitation applicable to the Premises or the Property, as such rules and regulations may be prescribed by Master Landlord or Sublandlord from time to time.

7.4. Easements. This Sublease shall be subject to all outstanding easements and rights-of-way for location of any type of facility over, across, in, and upon the Premises or any portion thereof, and to the right of Master Landlord to grant such additional easements and rights-of-way over, across, in and upon the Premises as Master Landlord shall determine to be in the public interest ("Additional Easements"); provided that, as provided in Section 29 of the Master Lease, Master Landlord shall use its best efforts to minimize any interference with Subtenant's operations hereunder caused by the granting of any such Additional Easements and the granting of such Additional Easements shall be conditioned on the assumption by the grantee thereof of liability to Subtenant for such damages as Subtenant shall suffer for property destroyed or property rendered unusable on account of the grantee's exercise of its rights thereunder. There is hereby reserved to the holders of such Additional Easements as are presently outstanding or which may hereafter be granted, to any workers officially engaged in the construction, installation, maintenance, operation, repair or replacement of facilities located thereon, and to any federal, state or local official engaged in the official inspection thereof, such reasonable rights of ingress and egress over the Premises as shall be necessary for the performance of their duties with regard to such facilities.

7.5. No Interference with Navy Operations. Subtenant shall not conduct operations, nor make any Alterations (as defined below), that would interfere with or otherwise restrict Master Landlord's operations or environmental clean-up or restoration actions by the Master Landlord, Sublandlord, the Environmental Protection Agency, the State of California or their contractors. Environmental clean-up, restoration or testing activities by these Parties shall take priority over Subtenant's use of the Premises in the event of any conflict; provided, however, in such event, Master Landlord and Sublandlord shall use their best efforts to minimize any disruption of Subtenant's operation.

7.6. No Unlawful Uses, Nuisances or Waste. Without limiting the foregoing, Subtenant shall not use, occupy or permit the use or occupancy of any of the Premises in any unlawful manner or for any illegal purpose, or permit any offensive, noisy or hazardous use or any waste on or about the Premises. Subtenant shall eliminate any nuisances or hazards relating to its activities on or about the Premises. Subtenant shall not conduct any business, place any sales display, or advertise in any manner in areas on or about the Property outside of the Premises.

8. ALTERATIONS

8.1. Alterations. Subtenant shall not construct, install, make or permit to be made any alterations, installations or additions ("Alterations") in, to or about the Premises, without Sublandlord's prior written consent in each instance, which consent may given or withheld in Sublandlord's sole and absolute discretion. Subject to Sublandlord's consent as provided above, any Alterations shall be done at Subtenant's sole expense (i) in strict accordance with plans and specifications approved in advance by Sublandlord in writing, (ii) by duly licensed and bonded contractors or mechanics approved by Sublandlord, (iii) in a good and professional manner, (iv) in strict compliance with all Laws, and (v) subject to all other conditions that Sublandlord may reasonably impose. In no event shall the construction, installation or the making of any Alterations impair the use or operation of the Property, or any portion thereof, or Sublandlord's or Master Landlord's access thereto. Prior to the commencement of any work on the Premises to construct any Alterations, Subtenant, at its sole expense, shall procure all required permits and approvals and shall promptly upon receipt deliver copies of all such documents to Sublandlord. No material change from the plans and specifications for any Alterations approved by Sublandlord may be made without Sublandlord's prior consent. Sublandlord and Sublandlord's Agents shall have the right to inspect the course of construction on the Premises at all times.

8.2. Historic Properties. Without limiting the generality of the foregoing, Subtenant acknowledges and agrees that, pursuant to Section 15 of the Master Lease, no Alterations may be made to any improvements on the Premises (i) which will affect the historic characteristics of the improvements or modify the appearance of the exterior of the improvements without Master Landlord's and Sublandlord's prior written consent, or (ii) if such Alterations would preclude qualifying the improvements for inclusion on the National Register for Historic Places.

8.3. Ownership of Alterations. Any Alterations constructed on or affixed to the Premises by or on behalf of Subtenant pursuant to the terms and limitations of this Section 8 shall be and remain Subtenant's property during the Term. Upon the termination of this Sublease, Subtenant shall remove all such Alterations from the Premises in accordance with the provisions of Section 19 hereof, unless Sublandlord, at its sole option and without limiting any of the provisions of Section 8.1 above, requires that such Alterations remain on the Premises following the expiration or termination of this Sublease.

8.4. Subtenant's Personal Property. All furniture, furnishings and articles of movable personal property and equipment used upon or installed in the Premises by or for the account of

Subtenant that can be removed without structural or other material damage to the Premises (all of which are herein called "Subtenant's Personal Property") shall be and remain the property of Subtenant and shall be removed by Subtenant, subject to the provisions of Section 19 hereof. Subtenant shall be solely responsible for providing any security or other protection of or maintenance to Subtenant's Personal Property.

8.5. **Sublandlord's Alterations.** Sublandlord reserves the right at any time to make alterations, additions, repairs, deletions or improvements to the common areas or any other part of the improvements on the Premises; provided, that any such alterations or additions shall not materially adversely affect the functional utilization of the Premises for the purposes stated herein.

9. REPAIRS AND MAINTENANCE

9.1. **Subtenant Responsible for Maintenance and Repair.** Subtenant assumes full and sole responsibility for the condition, operation, repair and maintenance and management of the Premises from and after the Commencement Date and shall keep the Premises in good condition and repair. Sublandlord shall not be responsible for the performance of any repairs, changes or alterations to the Premises, nor shall Sublandlord be liable for any portion of the cost thereof. Subtenant shall make all repairs and replacements, interior and exterior, structural as well as non-structural, ordinary as well as extraordinary, foreseen and unforeseen, which may be necessary to maintain the Premises at all times in a clean, safe, attractive and sanitary condition and in good order and repair, to Sublandlord's and Master Landlord's reasonable satisfaction, provided, however, that neither Subtenant nor Sublandlord shall be required to make structural repairs or Alterations to correct conditions affecting the Premises existing prior to the Commencement Date. If any portion of the Premises is damaged by any activities conducted by Subtenant or Subtenant's Agents or Subtenant's Invitees hereunder, Subtenant shall immediately, at its sole cost, repair all such damage and restore the Premises to its previous condition.

9.2. **Utilities.** Sublandlord shall provide the basic utilities and services described in the attached Exhibit E (the "Standard Utilities and Services") to the Premises, subject to the terms and conditions contained therein. Subtenant shall be responsible for furnishing, at its sole cost, any utilities or services other than or in excess of the Standard Utilities and Services that Subtenant may need for its use of the Premises. Subtenant shall pay, without set off or counterclaim, all amounts due and owing for such Standard Utilities and Services at the rates provided in and as otherwise set forth in Exhibit E.

9.3. **Landscaping.** Subtenant shall maintain the exterior landscaping of the Premises in good condition and repair.

9.4. **Janitorial Services.** Subtenant shall provide all janitorial services for the Premises.

9.5. **Pest Control.** Subtenant shall provide and pay for all pest control services required

within the Premises, and shall keep the Premises free of all pests at all times.

9.6. **Trash.** Subtenant shall deposit all trash into designated containers in the Premises in compliance with the Rules and Regulations attached hereto as Exhibit D. Subtenant shall pay for the removal of trash from the designated containers. Subtenant shall abide by all rules established by Sublandlord or Master Landlord for the handling of trash.

9.7. **No Right to Repair and Deduct.** Subtenant expressly waives the benefit of any existing or future Laws or judicial or administrative decision that would otherwise permit Subtenant to make repairs or replacements at Sublandlord's expense, or to terminate this Sublease because of Sublandlord's failure to keep the Premises or any part thereof in good order, condition or repair, or to abate or reduce any of Subtenant's obligations hereunder on account of the Premises or any part thereof being in need of repair or replacement. Without limiting the foregoing, Subtenant expressly waives the provisions of California Civil Code Sections 932, 1941 and 1942 or any similar Laws with respect to any right of Subtenant to terminate this Sublease and with respect to any obligations of Sublandlord hereunder or any right of Subtenant to make repairs or replacements and deduct the cost thereof from Rent.

10. LIENS

10.1. **Liens.** Subtenant shall keep the Premises free from any liens arising out of any work performed, material furnished or obligations incurred by or for Subtenant. In the event Subtenant does not, within five (5) days following the imposition of any such lien, cause the lien to be released of record by payment or posting of a proper bond, Sublandlord shall have in addition to all other remedies provided herein and by law or equity the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including, but not limited to, payment of the claim giving rise to such lien. All such sums paid by Sublandlord and all expenses it incurs in connection therewith (including, without limitation, reasonable attorneys' fees) shall be payable to Sublandlord by Subtenant upon demand. Sublandlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law or that Sublandlord deems proper for its protection and protection of the Premises from mechanics' and materialmen's liens. Subtenant shall give Sublandlord at least fifteen (15) days' prior written notice of the commencement of any repair or construction on any of the Premises.

11. COMPLIANCE WITH LAWS

11.1. **Compliance with Laws.** Subtenant shall promptly, at its sole expense, maintain the Premises and Subtenant's use and operations thereon in strict compliance at all times with all present and future Laws, whether foreseen or unforeseen, ordinary as well as extraordinary; provided, however Subtenant shall not be required to make repairs or structural changes to the Premises required solely to correct conditions affecting the Premises existing prior to the Commencement Date or not related to Subtenant's use of the Premises, unless the requirement for such changes is imposed as a result of any Alterations made or requested to be made by

Subtenant. Such Laws shall include, without limitation, all Laws relating to health and safety and disabled accessibility including, without limitation, the Americans with Disabilities Act, 42 U.S.C. §§ 12101 et seq. and Title 24 of the California Code of Regulations, all present and future Environmental Laws (as defined in this Sublease below), and all applicable provisions of the San Francisco Environment Code. No occurrence or situation arising during the Term, nor any present or future Law, whether foreseen or unforeseen, and however extraordinary, shall give Subtenant any right to seek redress against Sublandlord for failing to comply with any Laws. Subtenant waives any rights now or hereafter conferred upon it by any existing or future Law to compel Sublandlord to make any repairs to comply with any such Laws, on account of any such occurrence or situation.

11.2. Regulatory Approvals.

(a) **Responsible Party.** Subtenant understands and agrees that Subtenant's use of the Premises and construction of any Alterations permitted hereunder may require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises. Subtenant shall be solely responsible for obtaining any and all such regulatory approvals, including without limitation, any liquor permits or approvals. Subtenant shall not seek any regulatory approval without first obtaining the written consent of Sublandlord. Subtenant shall bear all costs associated with applying for, obtaining and maintaining any necessary or appropriate regulatory approval and shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval. Any fines or penalties levied as a result of Subtenant's failure to comply with the terms and conditions of any regulatory approval shall be immediately paid and discharged by Subtenant, and Sublandlord shall have no liability, monetary or otherwise, for any such fines or penalties. Subtenant shall indemnify, protect, defend and hold harmless forever ("Indemnify") Sublandlord, City and Master Landlord, including, but not limited to, all of their respective officers, directors, employees, agents, affiliates, subsidiaries, licensees, contractors, boards, commissions, departments, agencies and other subdivisions and each of the persons acting by, through or under each of them, and their respective heirs, legal representatives, successors and assigns, and each of them (the "Indemnified Parties"), against any and all claims, demands, losses, liabilities, damages, liens, injuries, penalties, fines, lawsuits and other proceedings, judgments and awards and costs and expenses, including, without limitation, reasonable attorneys' and consultants' fees and costs ("Losses") arising in connection with Subtenant's failure to obtain or comply with the terms and conditions of any regulatory approval.

11.3. Compliance with Sublandlord's Risk Management Requirements. Subtenant shall not do anything, or permit anything to be done, in or about the Premises or to any Alterations permitted hereunder that would create any unusual fire risk, and shall take commercially reasonable steps to protect Sublandlord from any potential premises liability. Subtenant shall faithfully observe, at its expense, any and all reasonable requirements of Sublandlord's Risk Manager with respect thereto and with the requirements of any policies of commercial general liability, all risk property or other policies of insurance at any time in force with respect to the

Premises and any Alterations as required hereunder.

12. ENCUMBRANCES

12.1. Encumbrance By Subtenant. Notwithstanding anything to the contrary contained in this Sublease, Subtenant shall not under any circumstances whatsoever create any mortgage, deed of trust, assignment of rents, fixture filing, security agreement, or similar security instrument, or other lien or encumbrance or assignment or pledge of an asset as security in any manner against the Premises or Sublandlord's or Subtenant's interest under this Sublease.

13. DAMAGE OR DESTRUCTION

13.1. Damage or Destruction to the Premises. In the case of damage to or destruction of the Premises by earthquake, fire, flood or any other casualty, which (i) is not caused by Subtenant or Subtenant's Agents or Subtenant's Invitees, (ii) is not covered by the insurance described in Section 17 below, (iii) prevents Subtenant from operating the Premises for the purposes stated herein, and (iv) costs more to repair than the Repair amount set forth in the Basic Lease Information, either party may terminate this Sublease upon thirty (30) days prior written notice and upon any such termination Subtenant shall surrender the Premises in accordance with Section 19 (except for damage caused by a casualty pursuant to which this Sublease may be terminated under this Section 13.1) and both Parties shall be relieved of any liability for such termination or for repairing such damage. If neither Party terminates this Sublease as provided in this Section 13.1, then Subtenant shall, at its sole cost, promptly restore, repair, replace or rebuild the Premises to the condition the Premises were in prior to such damage or destruction, subject to any Alterations made in strict accordance with the requirements of Section 8.1 above. Under no circumstances shall Sublandlord have any obligation to repair, replace or rebuild the Premises in the event of a casualty.

13.2. No Abatement in Rent. In the event of any damage or destruction to the Premises, and if neither party terminates this Sublease as provided in Section 13.1 above, there shall be no abatement in the Rent payable hereunder.

13.3. Waiver. The Parties understand and agree that the foregoing provisions of this Section are intended to govern fully the rights and obligations of the Parties in the event of damage or destruction to the Premises or Alterations, and Sublandlord and Subtenant each hereby waives and releases any right to terminate this Sublease in whole or in part under Sections 1932.2 and 1933.4 of the Civil Code of California or under any similar Laws now or hereafter in effect, to the extent such rights are inconsistent with the provisions hereof.

14. ASSIGNMENT AND SUBLETTING

14.1. Restriction on Assignment and Subletting. Subtenant shall not directly or indirectly (including, without limitation, by merger, acquisition or other transfer of any controlling interest

in Subtenant), voluntarily or by operation of Law, sell, assign, encumber, pledge, sublease or otherwise transfer any part of its interest in or rights with respect to the Premises, any Alterations or its interest in this Sublease, or permit any portion of the Premises to be occupied by anyone other than itself, or sublet any portion of the Premises (a "Transfer"), without Sublandlord's prior written consent in each instance, which Sublandlord may grant or withhold in its sole and absolute discretion. Subtenant shall provide Sublandlord with a written notice of its intention to Transfer this Sublease or the Premises, together with a copy of the proposed Transfer agreement at least thirty (30) days prior to the commencement date of the proposed Transfer. Subtenant shall provide Sublandlord with such information regarding the proposed Transfer as Sublandlord may reasonably request.

14.2. Bonus Rental. If Sublandlord consents to a Transfer of any of Subtenant's interest in or rights with respect to the Premises pursuant to Section 14.1 above, then one hundred percent (100%) of any rent or other consideration payable to Subtenant in excess of the Base Rent payable hereunder (or the proportionate share thereof applicable to the portion of the Premises that is subject to the Transfer) shall be paid to Sublandlord immediately upon receipt by Subtenant.

15. DEFAULT; REMEDIES

15.1. Events of Default. Any of the following shall constitute an event of default ("Event of Default") by Subtenant hereunder:

- (a) **Failure to Pay Rent.** Any failure to pay any Rent or any other sums due hereunder, including sums due for utilities, within five (5) days after such sums are due;
- (b) **Covenants, Conditions and Representations.** Any failure to perform or comply with any other covenant, condition or representation made under this Sublease; provided, Subtenant shall have a period of ten (10) days from the date of written notice from Sublandlord of such failure within which to cure such default under this Sublease, or, if such default is not capable of cure within such 10-day period, Subtenant shall have a reasonable period to complete such cure if Subtenant promptly undertakes action to cure such default within such 10-day period and thereafter diligently prosecutes the same to completion and uses its best efforts to complete such cure within sixty (60) days after the receipt of notice of default from Sublandlord;
- (c) **Vacation or Abandonment.** Any abandonment of the Premises for more than fourteen (14) consecutive days;
- (d) **Bankruptcy.** The appointment of a receiver to take possession of all or substantially all of the assets of Subtenant, or an assignment by Subtenant for the benefit of creditors, or any action taken or suffered by Subtenant under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute, whether now existing or hereafter amended or enacted; and

(e) **Notices of Default.** The delivery to Subtenant of three (3) or more notices of default within any twelve (12) month period, irrespective of whether Subtenant actually cures such default within the specified time period, may, in the sole and absolute discretion of the Authority, be deemed an incurable breach of this Sublease allowing the Authority to immediately terminate this Sublease without further notice or demand to Subtenant.

15.2. Remedies. Upon the occurrence of an Event of Default by Subtenant, Sublandlord shall have the following rights and remedies in addition to all other rights and remedies available to Sublandlord at Law or in equity:

(a) **Terminate Sublease and Recover Damages.** The rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including, but not limited to, the right to terminate Subtenant's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that Subtenant proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2. Sublandlord's efforts to mitigate the damages caused by Subtenant's breach of this Sublease shall not waive Sublandlord's rights to recover unmitigated damages upon termination.

(b) **Appointment of Receiver.** The right to have a receiver appointed for Subtenant upon application by Sublandlord to take possession of the Premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to Sublandlord pursuant to this Sublease.

15.3. Sublandlord's Right to Cure Subtenant's Defaults. If Subtenant defaults in the performance of any of its obligations under this Sublease, then Sublandlord may at any time thereafter with three (3) days prior written notice (except in the event of an emergency as determined by Sublandlord where prior notice by Sublandlord is impractical), remedy such Event of Default for Subtenant's account and at Subtenant's expense. Subtenant shall pay to Sublandlord, as Additional Charges, promptly upon demand, all sums expended by Sublandlord, or other costs, damages, expenses or liabilities incurred by Sublandlord, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy such Event of Default. Subtenant's obligations under this Section shall survive the termination of this Sublease. Nothing herein shall imply any duty of Sublandlord to do any act that Subtenant is obligated to perform under any provision of this Sublease, and Sublandlord's cure or attempted cure of Subtenant's Event of Default shall not constitute a waiver of Subtenant's Event of Default or any rights or remedies of Sublandlord on account of such Event of Default.

16. RELEASE AND WAIVER OF CLAIMS; INDEMNIFICATION

16.1. Release and Waiver of Claims. Subtenant, on behalf of itself and Subtenant's Agents,

covenants and agrees that the Indemnified Parties shall not be responsible for or liable to Subtenant for, and, to the fullest extent allowed by any Laws, Subtenant hereby waives all rights against the Indemnified Parties and releases them from, any and all Losses, including, but not limited to, incidental and consequential damages, relating to any injury, accident or death of any person or loss or damage to any property, in or about the Premises, from any cause whatsoever, including without limitation, partial or complete collapse of the Premises due to an earthquake or subsidence, except only to the extent such Losses are caused solely by the gross negligence or willful misconduct of the Indemnified Parties. Without limiting the generality of the foregoing:

(a) Subtenant expressly acknowledges and agrees that the Rent payable hereunder does not take into account any potential liability of the Indemnified Parties for any consequential or incidental damages including, but not limited to, lost profits arising out of disruption to Subtenant's uses hereunder. Sublandlord would not be willing to enter into this Sublease in the absence of a complete waiver of liability for consequential or incidental damages due to the acts or omissions of the Indemnified Parties, and Subtenant expressly assumes the risk with respect thereto. Accordingly, without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action for consequential and incidental damages and covenants not to sue the Indemnified Parties for such damages arising out of this Sublease or the uses authorized hereunder, including, without limitation, any interference with uses conducted by Subtenant pursuant to this Sublease regardless of the cause.

(b) Without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action against, and covenants not to sue the Indemnified Parties under any present or future Laws, statutes, or regulations, including, but not limited to, any claim for inverse condemnation or the payment of just compensation under the law of eminent domain, or otherwise at equity, in the event that Sublandlord terminates this Sublease because of such claim for inverse condemnation or eminent domain.

(c) As part of Subtenant's agreement to accept the Premises in its "As Is" condition as provided herein, and without limiting such agreement and any other waiver contained herein, Subtenant on behalf of itself and its successors and assigns, waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way be connected with the physical or environmental condition of the Premises and any related improvements or any Laws or regulations applicable thereto or the suitability of the Premises for Subtenant's intended use.

(d) Subtenant acknowledges that it will not be a displaced person at the time this Sublease is terminated, and Subtenant fully RELEASES, WAIVES AND DISCHARGES the Indemnified

Parties from any and all Losses and any and all claims, demands or rights against any of the Indemnified Parties under any present and future Laws, including, without limitation, any and all claims for relocation benefits or assistance from the Indemnified Parties under federal and state relocation assistance laws.

(e) Without limiting any other waiver contained herein, Subtenant, on behalf of itself and its successors and assigns, hereby waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way connected with the Indemnified Parties' decision to Sublease the Premises to Subtenant, regardless of whether or not such decision is or may be determined to be an act of gross negligence or willful misconduct of the Indemnified Parties.

(f) Subtenant covenants and agrees never to file, commence, prosecute or cause to be filed, commenced or prosecuted against the Indemnified Parties any claim, action or proceeding based upon any claims, demands, causes of action, obligations, damages, losses, costs, expenses or liabilities of any nature whatsoever encompassed by the waivers and releases set forth in this Section 16.1.

(g) In executing these waivers and releases, Subtenant has not relied upon any representation or statement other than as expressly set forth herein.

(h) Subtenant had made such investigation of the facts pertaining to these waivers and releases as it deems necessary and assumes the risk of mistake with respect to such facts. These waivers and releases are intended to be final and binding on Subtenant regardless of any claims of mistake.

(i) In connection with the foregoing releases, Subtenant acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Subtenant acknowledges that the releases contained herein include all known and unknown, disclosed and undisclosed, and anticipated and unanticipated claims. Subtenant realizes and acknowledges that it has agreed upon this Sublease in light of this realization and, being fully aware of this situation, it nevertheless intends to waive the benefit of Civil Code Section 1542, or any statute or other similar law now or later in effect. The waivers and releases contained herein shall survive any termination of this Sublease.

16.2. Subtenant's Indemnity. Subtenant, on behalf of itself and Subtenant's Agents, shall

Indemnify the Indemnified Parties from and against any and all Losses arising out of Subtenant's use of the Premises, including but not limited to, any Losses arising directly or indirectly, in whole or in part, out of: (a) any damage to or destruction of any property owned by or in the custody of Subtenant or Subtenant's Agents or Subtenant's Invitees; (b) any accident, injury to or death of a person, including, without limitation, Subtenant's Agents and Subtenant's Invitees, howsoever or by whomsoever caused, occurring in, on or about the Premises; (c) any default by Subtenant in the observation or performance of any of the terms, covenants or conditions of this Sublease to be observed or performed on Subtenant's part; (d) the use, occupancy, conduct or management, or manner of use, occupancy, conduct or management by Subtenant, Subtenant's Agents or Subtenant's Invitees or any person or entity claiming through or under any of them, of the Premises or any Alterations; (e) any construction or other work undertaken by Subtenant on or about the Premises; and (f) any acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees, in, on, or about the Premises or any Alterations, except to the extent that such Indemnity is void or otherwise unenforceable under any applicable Laws in effect on or validly retroactive to the date of this Sublease and further except only to the extent such Losses are caused solely by the gross negligence or intentional wrongful acts and omissions of the Indemnified Parties. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and Sublandlord's costs of investigating any Loss. Subtenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter. Subtenant's obligations under this Section shall survive the expiration or sooner termination of this Sublease.

17. INSURANCE

17.1. **Required Insurance Coverage.** Subtenant, at its sole cost and expense, shall maintain, or cause to be maintained, through the Term of this Sublease, the following insurance:

(a) **General Liability Insurance.** Comprehensive or commercial general liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including coverages for contractual liability, independent contractors, broad form property damage, personal injury, products and completed operations, fire damage and legal liability with limits not less than One Million Dollars (\$1,000,000), explosion, collapse and underground (XCU).

(b) **Automobile Liability Insurance.** Comprehensive or business automobile liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including coverages for owned and hired vehicles and for employer's non-ownership liability, which insurance shall be required if any automobiles or any other motor vehicles are operated in connection with Subtenant's activity on the Premises or the Permitted Use.

(c) **Worker's Compensation and Employer's Liability Insurance.** If Subtenant has employees, Worker's Compensation Insurance in statutory amounts with Employer's Liability with limits not less than One Million Dollars (\$1,000,000.00) for each accident, injury or illness, on employees eligible for each.

(d) **Personal Property Insurance.** Subtenant, at its sole cost and expense, shall procure and maintain on all of its personal property and Alterations, in, on, or about the Premises, property insurance on an all risk form, excluding earthquake and flood, to the extent of full replacement value. The proceeds from any such policy shall be used by Subtenant for the replacement of Subtenant's personal property.

(e) **Other Coverage.** Such other insurance or different coverage amounts as is required by law or as is generally required by commercial owners of property similar in size, character, age and location as the Premises, as may change from time to time, or as may be required by the City's Risk Manager.

17.2. Claims-Made Policies. If any of the insurance required in Section 17.1 above is provided under a claims-made form of policy, Subtenant shall maintain such coverage continuously throughout the Term and without lapse for a period of three (3) years beyond the termination of this Sublease, to the effect that should occurrences during the Term give rise to claims made after termination of this Sublease, such claims shall be covered by such claims-made policies.

17.3. Annual Aggregate Limits. If any of the insurance required in Section 17.1 above is provided under a form of coverage which includes an annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit shall be double the occurrence limits specified herein.

17.4. Payment of Premiums. Subtenant shall pay the premiums for maintaining all required insurance.

17.5. Waiver of Subrogation Rights. Notwithstanding anything to the contrary contained herein, Sublandlord and Subtenant (each a "Waiving Party") each hereby waives any right of recovery against the other party for any loss or damage sustained by such other party with respect to the Facility or the Premises or any portion thereof or the contents of the same or any operation therein, whether or not such loss is caused by the fault or negligence of such other party, to the extent such loss or damage is covered by insurance which is required to be purchased by the Waiving Party under this Sublease or is actually covered by insurance obtained by the Waiving Party. Each Waiving Party agrees to cause its insurers to issue appropriate waiver of subrogation rights endorsements to all policies relating to the Facility or the Premises; provided, the failure to obtain any such endorsement shall not affect the above waiver.

17.6. General Insurance Matters.

- (a) All liability insurance policies required to be maintained by Subtenant hereunder shall contain a cross-liability clause, shall name as additional insureds the "THE TREASURE ISLAND DEVELOPMENT AUTHORITY, CITY AND COUNTY OF SAN FRANCISCO, THE UNITED STATES OF AMERICA, ACTING BY AND THROUGH THE DEPARTMENT OF THE NAVY, AND THEIR OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS," shall be primary to any other insurance available to the additional insureds with respect to claims arising under this Sublease, and shall provide that such insurance applies separately to each insured against whom complaint is made or suit is brought except with respect to the limits of the company's liability.
- (b) All insurance policies required to be maintained by Subtenant hereunder shall be issued by an insurance company or companies reasonably acceptable to Sublandlord with an AM Best rating of not less than A-VIII and authorized to do business in the State of California.
- (c) All insurance policies required to be maintained by Subtenant hereunder shall provide for thirty (30) days' prior written notice of cancellation for any reason, intended non-renewal, or reduction in coverage to Subtenant and Sublandlord. Such notice shall be given in accordance with the notice provisions of Section 21.1 below.
- (d) Subtenant shall deliver to Sublandlord certificates of insurance and additional insured policy endorsements in a form satisfactory to Sublandlord evidencing the coverages required herein, together with evidence of payment of premiums, on or before the Commencement Date, and upon renewal of each policy not less than thirty (30) days before expiration of the term of the policy. Subtenant shall, upon Sublandlord's request, promptly furnish Sublandlord with a complete copy of any insurance policy required hereunder.
- (e) Not more often than every year and upon not less than sixty (60) days' prior written notice, Sublandlord may require Subtenant to increase the insurance limits set forth in Section 17.1 above if Sublandlord finds in its reasonable judgment that it is the general commercial practice in San Francisco to carry insurance in amounts substantially greater than those amounts carried by Subtenant with respect to risks comparable to those associated with the use of the Premises.
- (f) Subtenant's compliance with the provisions of this Section shall in no way relieve or decrease Subtenant's indemnification obligations herein or any of Subtenant's other obligations or liabilities under this Sublease.
- (g) Notwithstanding anything to the contrary in this Sublease, Sublandlord may elect in Sublandlord's sole and absolute discretion to terminate this Sublease upon the lapse of any required insurance coverage by written notice to Subtenant.

18. ACCESS BY SUBLANDLORD

18.1. Access to Premises by Sublandlord.

(a) General Access. Sublandlord reserves for itself and Sublandlord's Agents, the right to enter the Premises and any portion thereof at all reasonable times upon not less than twenty-four (24) hours oral or written notice to Subtenant (except in the event of an emergency) for any purpose.

(b) Emergency Access. In the event of any emergency, as determined by Sublandlord, Sublandlord may, at its sole option and without notice, enter the Premises and alter or remove any Alterations or Subtenant's Personal Property on or about the Premises. Sublandlord shall have the right to use any and all means Sublandlord considers appropriate to gain access to any portion of the Premises in an emergency. In such case, Sublandlord shall not be responsible for any damage or injury to any such property, nor for the replacement of any such property and any such emergency entry shall not be deemed to be a forcible or unlawful entry onto or a detainer of, the Premises, or an eviction, actual or constructive, of Subtenant from the Premises or any portion thereof.

(c) No Liability. Sublandlord shall not be liable in any manner, and Subtenant hereby waives any claims, for any inconvenience, disturbance, loss of business, nuisance or other damage arising out of Sublandlord's entry onto the Premises, except damage resulting directly and exclusively from the gross negligence or willful misconduct of Sublandlord or Sublandlord's Agents and not contributed to by the acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees.

18.2. Access to Premises by Master Landlord. Subtenant acknowledges and agrees that Master Landlord shall have all of the rights of access to the Premises described in the Master Lease.

19. SURRENDER

19.1. Surrender of the Premises. Upon the termination of this Sublease, Subtenant shall surrender to Sublandlord the Premises in the same condition as of the Commencement Date, ordinary wear and tear excepted, and free and clear of all liens, easements and other encumbrances created or suffered by, through or under Subtenant. On or before any termination hereof, Subtenant shall, at its sole cost, remove any and all of Subtenant's Personal Property from the Premises and demolish and remove any and all Alterations from the Premises (except for any Alterations that Sublandlord agrees are to remain part of the Premises pursuant to the provisions of Section 8.3 above). In addition, Subtenant shall, at its sole expense, repair any damage to the Premises resulting from the removal of any such items and restore the Premises to their condition immediately prior to the presence of any Alterations. In connection therewith, Subtenant shall obtain any and all necessary permits and approvals, including, without limitation, any

environmental permits, and execute any manifests or other documents necessary to complete the demolition, removal or restoration work required hereunder. Subtenant's obligations under this Section shall survive the termination of this Sublease. Any items of Subtenant's Personal Property remaining on or about the Premises after the termination of this Sublease may, at Sublandlord's option and after thirty (30) days written notice to Subtenant, be deemed abandoned and in such case Sublandlord may dispose of such property in accordance with Section 1980, et seq., of the California Civil Code or in any other manner allowed by Law.

19.2. No Holding Over. If Subtenant fails to surrender the Premises to Sublandlord upon the termination of this Sublease as required by this Section, Subtenant shall Indemnify Sublandlord against all Losses resulting therefrom, including, without limitation, Losses made by a succeeding Subtenant resulting from Subtenant's failure to surrender the Premises. Subtenant shall have no right to hold over without the prior written consent of Sublandlord, which consent may be withheld in Sublandlord's sole and absolute discretion. If Sublandlord holds over the Premises or any part thereof after expiration or earlier termination of this Sublease, such holding over shall be terminable upon written notice by Sublandlord, and the Base Rent shall be increased to two hundred percent (200%) of the Base Rent in effect immediately prior to such holding over, and such holdover shall otherwise be on all the other terms and conditions of this Sublease. This Section shall not be construed as Sublandlord's permission for Subtenant to hold over. Acceptance of any holdover Base Rent by Sublandlord following expiration or termination of this Sublease shall not constitute an extension or renewal of this Sublease.

19.3. Security Deposit. Subtenant shall pay to Sublandlord upon execution of this Sublease a security deposit in the amount set forth in the Basic Sublease Information as security for the faithful performance of all terms, covenants and conditions of this Sublease. Subtenant agrees that Sublandlord may (but shall not be required to) apply the security deposit in whole or in part to remedy any damage to the Premises caused by Subtenant, Subtenant's Agents or Subtenant's Invitees, or any failure of Subtenant to perform any other terms, covenants or conditions contained in this Sublease, without waiving any of Sublandlord's other rights and remedies hereunder or at Law or in equity. Should Sublandlord use any portion of the security deposit to cure any Event of Default by Subtenant hereunder, Subtenant shall immediately replenish the security deposit to the original amount, and Subtenant's failure to do so within five (5) days of Sublandlord's notice shall constitute a material Event of Default under this Sublease. Sublandlord's obligations with respect to the security deposit are solely that of debtor and not trustee. Sublandlord shall not be required to keep the security deposit separate from its general funds, and Subtenant shall not be entitled to any interest on such deposit. The amount of the security deposit shall not be deemed to limit Subtenant's liability for the performance of any of its obligations under this Sublease. To the extent that Sublandlord is not entitled to retain or apply the security deposit pursuant to this Section 20.3, Sublandlord shall return such security deposit to Subtenant within forty-five (45) days of the termination of this Sublease.

20. HAZARDOUS MATERIALS

20.1. No Hazardous Materials. Subtenant covenants and agrees that neither Subtenant nor any of Subtenant's Agents or Subtenant's Invitees shall cause or permit any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment, including, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended (42 U.S.C. Sections 9601 et seq.), or pursuant to Section 25281 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of any existing improvements on the Premises, or are naturally occurring substances on, in or about the Premises; and petroleum, including crude oil or any fraction thereof, and natural gas or natural gas liquids ("Hazardous Material") to be brought upon, kept, used, stored, generated or disposed of in, on or about the Premises or transported to or from the Premises without the prior written approval of Sublandlord, which approval may be withheld in Sublandlord's sole and absolute discretion. Subtenant shall immediately notify Sublandlord if and when Subtenant learns or has reason to believe there has been any release of Hazardous Material in, on or about the Premises. Sublandlord may from time to time request Subtenant to provide adequate information for Sublandlord to determine that any Hazardous Material permitted hereunder is being handled in compliance with all applicable federal, state or local Laws or policies relating to Hazardous Material (including, without limitation, its use, handling, transportation, production, disposal, discharge or storage) or to human health and safety, industrial hygiene or environmental conditions in, on, under or about the Premises and any other property, including, without limitation, soil, air and groundwater conditions ("Environmental Laws"), and Subtenant shall promptly provide all such information. Sublandlord and Sublandlord's Agents shall have the right to inspect the Premises for Hazardous Material and compliance with the provisions hereof at all reasonable times upon reasonable advance oral or written notice to Subtenant (except in the event of an emergency). Subtenant agrees that it shall comply, without limiting the foregoing, with the provisions of Article 21 of the San Francisco Health Code including, without limitation, regarding obtaining and complying with the requirements of an approved hazardous materials management plan, and with the requirements of the environmental protection provisions provided for in Section 13 of the Master Lease.

20.2. Subtenant's Environmental Indemnity. If Subtenant breaches any of its obligations contained in Section 20.1 above, or, if any act or omission or negligence of Subtenant or any of Subtenant's Agents or Subtenant's Invitees results in any spilling, leaking, pumping, pouring, emitting, discharging, injecting, escaping, leeching or dumping ("Release") of Hazardous Material in, on, under or about the Premises or the Property, without limiting Subtenant's general Indemnity contained in Section 16.2 above, Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties, and each of them, from and against any and all enforcement, investigation, remediation or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental Laws together with

any and all Losses made or threatened by any third party against Sublandlord, Sublandlord's Agents, or the Premises, relating to damage, contribution, cost recovery compensation, loss or injury resulting from the presence, Release or discharge of any Hazardous Materials, including, without limitation, Losses based in common law, investigation and remediation costs, fines, natural resource damages, damages for decrease in value of the Premises, the loss or restriction of the use or any amenity of the Premises and attorneys' fees and consultants' fees and experts' fees and costs ("Hazardous Materials Claims") arising during or after the Term of this Sublease and relating to such Release. The foregoing Indemnity includes, without limitation, all costs associated with the investigation and remediation of Hazardous Material and with the restoration of the Premises or the Property to its prior condition including, without limitation, fines and penalties imposed by regulatory agencies, natural resource damages and losses, and revegetation of the Premises or other Sublandlord property. Without limiting the foregoing, if Subtenant or any of Subtenant's Agents or Subtenant's Invitees, causes or permits the Release of any Hazardous Materials in, on, under or about the Premises or the Property, Subtenant shall, immediately, at no expense to Sublandlord, take any and all appropriate actions to return the Premises or other Sublandlord property affected thereby to the condition existing prior to such Release and otherwise investigate and remediate the Release in accordance with all Environmental Laws. Subtenant shall provide Sublandlord with written notice of and afford Sublandlord a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, permit, approvals, or other compromise or proceeding involving Hazardous Material.

20.3. Acknowledgment of Receipt of EBS and FOSL Reports. Subtenant hereby acknowledges for itself and Subtenant's Agents that, prior to the execution of this Sublease, it has received and reviewed the Environmental Baseline Survey ("EBS") and the Finding of Suitability to Lease ("FOSL") described in Section 7 of the Master Lease. California law requires landlords to disclose to tenants the presence or potential presence of certain Hazardous Materials. Accordingly, Subtenant is hereby advised that occupation of the Premises may lead to exposure to Hazardous Materials such as, but not limited to, gasoline, diesel and other vehicle fluids, vehicle exhaust, office maintenance fluids, tobacco smoke, methane and building materials containing chemicals, such as formaldehyde. Further, there are Hazardous Materials located on the Premises as described in the EBS and the FOSL. In addition, California's Proposition 65, Health and Safety Code Section 25249.6 et seq., requires notice that some of these Hazardous Materials are known by the State of California to cause cancer or reproductive harm. By execution of this Sublease, Subtenant acknowledges that the notices and warnings set forth above satisfy the requirements of California Health and Safety Code Sections 25249.6 et seq., 25359.7 and related statutes.

21. GENERAL PROVISIONS

21.1. Notices. Except as otherwise expressly provided in this Sublease, any notice given hereunder shall be effective only in writing and given by delivering the notice in person, or by sending it first class mail or certified mail with a return receipt requested or reliable commercial

overnight courier, return receipt requested, with postage prepaid, to the appropriate addresses set forth in the Basic Sublease Information. Any Party hereunder may designate a new address for notice purposes hereunder at least ten (10) days prior to the effective date of such change. Any notice hereunder shall be deemed to have been given two (2) days after the date when it is mailed if sent by first class or certified mail, one day after the date it is made, if sent by commercial overnight carrier, or upon the date personal delivery is made, and any refusal by either Party to accept the attempted delivery of any notice, if such attempted delivery is in compliance with this Section 21.1 and applicable Laws, shall be deemed receipt of such notice.

21.2. No Implied Waiver. No failure by Sublandlord to insist upon the strict performance of any obligation of Subtenant under this Sublease or to exercise any right, power or remedy arising out of a breach thereof, irrespective of the length of time for which such failure continues, no acceptance of full or partial payment of Rent due hereunder during the continuance of any such breach, and no acceptance of the keys to or possession of the Premises prior to the expiration of the Term by any Agent of Sublandlord, shall constitute a waiver of such breach or of Sublandlord's right to demand strict compliance with such term, covenant or condition or operate as a surrender of this Sublease. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of a default or the performance of any provision hereof shall not be deemed to be a waiver of a subsequent default or performance. The consent of Sublandlord given in any instance under the terms of this Sublease shall not relieve Subtenant of any obligation to secure the consent of Sublandlord in any other or future instance under the terms of this Sublease.

21.3. Amendments. Neither this Sublease nor any term or provision hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the Parties hereto.

21.4. Authority. If Subtenant signs as a corporation, a partnership or a limited liability company, each of the persons executing this Sublease on behalf of Subtenant does hereby covenant and warrant that Subtenant is a duly authorized and existing entity, that Subtenant has and is qualified to do business in California, that Subtenant has full right and authority to enter into this Sublease, and that each and all of the persons signing on behalf of Subtenant are authorized to do so. Upon Sublandlord's request, Subtenant shall provide Sublandlord with evidence reasonably satisfactory to Sublandlord confirming the foregoing representations and warranties. Without limiting the generality of the foregoing, Subtenant represents and warrants that it has full power to make the waivers and releases, indemnities and the disclosures set forth herein, and that it has received independent legal advice from its attorney as to the advisability of entering into a sublease containing those provisions and their legal effect.

21.5. Joint and Several Obligations. The word "Subtenant" as used herein shall include the plural as well as the singular. If there is more than one Subtenant, the obligations and liabilities under this Sublease imposed on Subtenant shall be joint and several.

21.6. Interpretation of Sublease. The captions preceding the articles and sections of this Sublease and in the table of contents have been inserted for convenience of reference only and such captions shall in no way define or limit the scope or intent of any provision of this Sublease. This Sublease has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intents and purposes of the Parties, without any presumption against the party responsible for drafting any part of this Sublease. Provisions in this Sublease relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action occurs on a Saturday, Sunday or a bank or Sublandlord holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day. Use of the word "including" or similar words shall not be construed to limit any general term, statement or other matter in this Sublease, whether or not language of non-limitation, such as "without limitation" or similar words, are used. Unless otherwise provided herein, whenever the consent of Sublandlord is required to be obtained by Subtenant hereunder, Sublandlord may give or withhold such consent in its sole and absolute discretion.

21.7. Successors and Assigns. Subject to the provisions of Section 14, the terms, covenants and conditions contained in this Sublease shall bind and inure to the benefit of Sublandlord and Subtenant and, except as otherwise provided herein, their personal representatives and successors and assigns; provided, however, that upon any transfer by Sublandlord (or by any subsequent Sublandlord) of its interest in the Premises as lessee, including any transfer by operation of Law, Sublandlord (or any subsequent Sublandlord) shall be relieved from all subsequent obligations and liabilities arising under this Sublease subsequent to such transfer.

21.8. Brokers. Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the Sublease contemplated herein. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes a claim shall be responsible for such commission or fee and shall Indemnify the other party from any and all Losses incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination of this Sublease.

21.9. Severability. If any provision of this Sublease or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Sublease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Sublease shall be valid and be enforceable to the fullest extent permitted by Law.

21.10. Governing Law. This Sublease shall be construed and enforced in accordance with the Laws of the State of California and the federal government.

21.11. Entire Agreement. This instrument (including the exhibits hereto, which are made a part of this Sublease) contains the entire agreement between the Parties and supersedes all prior written or oral negotiations, discussions, understandings and agreements. The Parties further intend that this Sublease shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including prior drafts of this Sublease and any changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Sublease. Subtenant hereby acknowledges that neither Sublandlord nor Sublandlord's Agents have made any representations or warranties with respect to the Premises or this Sublease except as expressly set forth herein, and no rights, easements or licenses are or shall be acquired by Subtenant by implication or otherwise unless expressly set forth herein.

21.12. Attorneys' Fees. In the event that either Sublandlord or Subtenant fails to perform any of its obligations under this Sublease or in the event a dispute arises concerning the meaning or interpretation of any provision of this Sublease, the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder (whether or not such action is prosecuted to judgment), including, without limitation, court costs and reasonable attorneys' fees. For purposes of this Sublease, reasonable fees of attorneys in the Office of the San Francisco City Attorney (Sublandlord's General Counsel) shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City and County of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney. Further, for purposes of this Sublease, the term "attorneys' fees" shall mean the fees and expenses of counsel to the Parties, which may include printing, duplicating and other expenses, air freight charges, hiring of experts, and fees billed for law clerks, paralegals, librarians and others not admitted to the bar but performing services under the supervision of an attorney. The term "attorneys' fees" shall also include, without limitation, all such fees and expenses incurred with respect to appeals, mediations, arbitrations, and bankruptcy proceedings, and whether or not any action is brought with respect to the matter for which such fees and costs were incurred. The term "attorney" shall have the same meaning as the term "counsel".

21.13. Time of Essence. Time is of the essence with respect to all provisions of this Sublease in which a definite time for performance is specified.

21.14. Cumulative Remedies. All rights and remedies of either party hereto set forth in this Sublease shall be cumulative, except as may otherwise be provided herein.

21.15. Survival of Indemnities. Termination of this Sublease shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Sublease, nor shall it affect any provision of this Sublease that expressly

states it shall survive termination hereof. Subtenant specifically acknowledges and agrees that, with respect to each of the indemnities contained in this Sublease, Subtenant has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within the indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter.

21.16. Relationship of Parties. Sublandlord is not, and none of the provisions in this Sublease shall be deemed to render Sublandlord, a partner in Subtenant's business, or joint venturer or member in any joint enterprise with Subtenant. This Sublease is not intended nor shall it be construed to create any third party beneficiary rights in any third party, unless otherwise expressly provided. The granting of this Sublease by Sublandlord does not constitute authorization or approval by Sublandlord of any activity conducted by Subtenant on, in or relating to the Premises.

21.17. Recording. Subtenant agrees that it shall not record this Sublease nor any memorandum or short form hereof in the official records of any county.

21.18. Non-Liability of Indemnified Parties' Officials, Employees and Agents. No elective or appointive board, commission, member, officer or employee of any of the Indemnified Parties shall be personally liable to Subtenant, its successors and assigns, in the event of any default or breach by Sublandlord or for any amount which may become due to Subtenant, its successors and assigns, or for any obligation of Sublandlord under this Sublease.

21.19. No Discrimination. Subtenant shall comply with the non-discrimination provisions of Section 19.1 of the Master Lease, including, without limitation, posting all notices required therein.

21.20. Counterparts. This Sublease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

21.21. Master Landlord's Consent. This Sublease is expressly conditioned upon receipt of the written consent of Master Landlord.

22. SPECIAL PROVISIONS

22.1. Signs. Subtenant agrees that it will not erect or maintain, or permit to be erected or maintained, any signs, notices or graphics upon or about the Premises which are visible in or from public corridors or other portions of any common areas of the Premises or from the exterior of the Premises, without Sublandlord's prior written consent, which Sublandlord may withhold or grant in its sole discretion.

22.2. Public Transit Information. Subtenant shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Subtenant employed on the Premises, including, without limitation, the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Premises and encouraging use of such facilities, all at Subtenant's sole expense.

22.3. TIHDI Job Broker. Subtenant shall comply with the requirements of the TIHDI Work Force Hiring Plan attached hereto as Exhibit F.

22.4. Local Hiring. Subtenant further agrees to use good faith efforts to hire residents of the City and County of San Francisco at all levels of Subtenant's personnel needs and to contract with local businesses for Subtenant's purchase of supplies, materials, equipment or services.

22.5. Non-Discrimination in City Contracts and Benefits Ordinance.

(a) **Covenant Not to Discriminate.** In the performance of this Sublease, Subtenant covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, weight, height or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with, Subtenant in any of Subtenant's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Subtenant.

(b) **Sub-Subleases and Other Subcontracts.** Subtenant shall include in all sub-subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to such sub-subtenant or other subcontractor in substantially the form of subsection (a) above. In addition, Subtenant shall incorporate by reference in all sub-subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all sub-subtenants and other subcontractors to comply with such provisions. Subtenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Sublease.

(c) **Non-Discrimination in Benefits.** Subtenant does not as of the date of this Sublease and will not during the Term, in any of its operations or in San Francisco or with respect to its operations under this Sublease elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees,

where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) **HRC Form.** As a condition to this Sublease, Subtenant shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission (the "HRC"). Subtenant hereby represents that prior to execution of this Sublease, (i) Subtenant executed and submitted to the HRC Form HRC-12B-101 with supporting documentation; and (ii) the HRC approved such form.

(e) **Incorporation of Administrative Code Provisions by Reference.** The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Subtenant shall comply fully with and be bound by all of the provisions that apply to this Sublease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Subtenant understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of Fifty Dollars (\$50.00) for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Sublease may be assessed against Subtenant and/or deducted from any payments due Subtenant.

22.6. **MacBride Principles - Northern Ireland.** The City urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Subtenant acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

22.7. **Tropical Hardwood and Virgin Redwood Ban.** The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood product. Except as expressly permitted by the application of Section 802(b) and 803(b) of the San Francisco Environment Code, Subtenant shall not provide any items to the construction of tenant improvements or Alterations in the Premises, or otherwise in the performance of this Sublease, which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. In the event Subtenant fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Subtenant shall be liable for liquidated damages for each violation in an amount equal to Subtenant's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater.

22.8. Conflicts of Interest. Subtenant states that it is familiar with the provisions of Section 8.105 and 8.106 of the San Francisco Charter and certifies that it knows of no facts which would constitute a violation of such provisions. Subtenant further certifies that it has made a complete disclosure to the Sublandlord of all facts bearing on any possible interests, direct or indirect, which Subtenant believes any officer or employee of the Sublandlord presently has or will have in this Sublease or in the performance thereof or in any portion of the profits thereof. Willful failure by Subtenant to make such disclosure, if any, shall constitute grounds for the Sublandlord's termination and cancellation of this Sublease.

22.9. Wages and Working Conditions. Subtenant agrees that any person performing labor in the construction of any tenant improvements and any Alterations to the Premises, which Subtenant provides under this Sublease, shall be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Subtenant shall include, in any contract for construction of such tenant improvements and Alterations, a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Subtenant shall require any contractor to provide, and shall deliver to Sublandlord upon request, certified payroll reports with respect to all persons performing labor in the construction of such tenant improvement work or any Alterations to the Premises.

22.10. Prohibition of Tobacco Advertising. Subtenant acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of Sublandlord or the City, including the Premises and the Property. This prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This prohibition does not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

22.11. Pesticide Prohibition. Subtenant shall comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "Pesticide Ordinance") which (i) prohibit the use of certain pesticides on City property, (ii) require the posting of certain notices and the maintenance of certain records regarding pesticide usage and (iii) require Subtenant to submit to Sublandlord an integrated pest management ("IPM") plan that (a) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Subtenant may need to apply to the Premises during the terms of this Sublease, (b) describes the steps Subtenant will take to meet the City's IPM Policy described in Section 300 of the Pesticide Ordinance and (c) identifies, by name, title, address and telephone number, an individual to act as Subtenant's primary IPM contact person with the City. In addition, Subtenant shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance.

22.12. First Source Hiring Ordinance. The City has adopted a First Source Hiring Ordinance (Board of Supervisors Ordinance No. 264 98) which establishes specific requirements, procedures and monitoring for first source hiring of qualified economically disadvantaged individuals for entry level positions. Within thirty (30) days after Sublandlord adopts a First Source Hiring Implementation and Monitoring Plan in accordance with the First Source Hiring Ordinance, Subtenant shall enter into a First Source Hiring Agreement that meets the applicable requirements of Section 83.9 of the First Source Hiring Ordinance.

22.13. Sunshine Ordinance. In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between City departments and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

22.14. Conflicts of Interest. Through its execution of this Sublease, Subtenant acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provisions, and agrees that if Subtenant becomes aware of any such fact during the Term of this Sublease, Subtenant shall immediately notify Sublandlord.

22.15. Charter Provision. This Sublease is governed by and subject to the provisions of the Charter of the City and County of San Francisco.

22.16. Requiring Health Benefits for Covered Employees. Unless exempt, Subtenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Sublease as though fully set forth. The text of the HCAO is available on the web at www.dph.sf.ca.us/HCRes/Resolutions/2004Res/HCRes102004.shtml. Capitalized terms used in this Section and not defined in this Sublease shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee, Subtenant shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Subtenant chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(b) Notwithstanding the above, if Subtenant is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with Subsection (a) above.

(c) Subtenant's failure to comply with the HCAO shall constitute a material breach of this Sublease. Sublandlord shall notify Subtenant if such a breach has occurred. If, within thirty (30) days after receiving City's written notice of a breach of this Sublease for violating the HCAO, Subtenant fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Subtenant fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, Sublandlord shall have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to Sublandlord.

(d) Any Subcontract entered into by Subtenant shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Subtenant shall notify City's Purchasing Department when it enters into such a Subcontract and shall certify to the Purchasing Department that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Subtenant shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the Sublandlord may pursue the remedies set forth in this Section against Subtenant based on the Subcontractor's failure to comply, provided that Sublandlord has first provided Subtenant with notice and an opportunity to obtain a cure of the violation.

(e) Subtenant shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying Sublandlord with regard to Subtenant's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(f) Subtenant represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(g) Subtenant shall keep itself informed of the current requirements of the HCAO.

(h) Subtenant shall provide reports to Sublandlord in accordance with any reporting standards promulgated by Sublandlord under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

(i) Subtenant shall provide Sublandlord with access to records pertaining to compliance with the HCAO after receiving a written request from Sublandlord to do so and being provided at least five (5) business days to respond.

(j) Sublandlord may conduct random audits of Subtenant to ascertain its compliance with HCAO. Subtenant agrees to cooperate with Sublandlord when it conducts such audits.

(k) If Subtenant is exempt from the HCAO when this Sublease is executed because its amount is less than Twenty-Five Thousand Dollars (\$25,000) (or [Fifty Thousand Dollars (\$50,000) if Subtenant is a qualified nonprofit], but Subtenant later enters into an agreement or agreements that cause Subtenant's aggregate amount of all agreements with Sublandlord to reach Seventy-Five Thousand Dollars (\$75,000), all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Subtenant and the Contracting Department to be equal to or greater than Seventy-Five Thousand Dollars (\$75,000) in the fiscal year.

22.17. Notification of Limitations on Contributions. Through its execution of this Sublease, Subtenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for such contract until the termination of negotiations for such contract or three (3) months has elapsed from the date the contract is approved by the City elective officer, or the board on which that City elective officer serves. San Francisco Ethics Commission Regulation 1.126-1 provides that negotiations are commenced when a prospective contractor first communicates with a City officer or employee about the possibility of obtaining a specific contract. This communication may occur in person, by telephone or in writing, and may be initiated by the prospective contractor or a City officer or employee. Negotiations are completed when a contract is finalized and signed by the City and the contractor. Negotiations are terminated when the City and/or the prospective contractor end the negotiation process before a final decision is made to award the contract.

22.18. Preservation-Treated Wood Containing Arsenic. As of July 1, 2003, Subtenant may not purchase preservative-treated wood products containing arsenic in the performance of this Sublease unless an exemption from the requirements of Environment Code Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Subtenant may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment. This provision does not preclude Subtenant from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

22.19. Resource Efficient City Buildings and Pilot Projects. Subtenant acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 707 relating to resource-efficient City buildings and resource-efficient pilot projects. Subtenant hereby agrees that it shall comply with all applicable provisions of such code sections.

22.20. Food Service Waste Reduction. Subtenant agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Sublease as though fully set forth. This provision is a material term of this Sublease. By entering into this Sublease, Subtenant agrees that if it breaches this provision, Sublandlord will suffer actual damages that will be impractical or extremely difficult to determine; further, Subtenant agrees that the sum of One Hundred Dollars (\$100.00) liquidated damages for the first breach, Two Hundred Dollars (\$200.00) liquidated damages for the second breach in the same year, and Five Hundred Dollars (\$500.00) liquidated damages for subsequent breaches in the same year is a reasonable estimate of the damage that Sublandlord will incur based on the violation, established in light of the circumstances existing at the time this Sublease was made. Such amounts shall not be considered a penalty, but rather agreed monetary damages sustained by Sublandlord because of Subtenant's failure to comply with this provision.

22.21. Estoppel Certificates. At any time and from time to time, within ten (10) days after Sublandlord's request, Subtenant will execute, acknowledge and deliver to Sublandlord a statement certifying the following matters: (a) the Commencement Date and Expiration Date of this Sublease; (b) that this Sublease is unmodified and in full force and effect (or if there have been modifications, that this Sublease is in full force and effect as modified and the date and nature of such modifications); (c) the dates to which the Rent has been paid; (d) that there are no Events of Default under this Sublease (or if there are any Events of Default, the nature of such Event of Default); and (e) any other matters reasonably requested by Sublandlord. Sublandlord and Subtenant intend that any such statement delivered pursuant to this paragraph may be relied upon by any assignee of Sublandlord's interest in the Master Lease or this Sublease, any mortgagee or any purchaser or prospective purchaser of the building or land on which the Premises are located. Subtenant irrevocably appoints Sublandlord, as Subtenant's agent, to execute and deliver in the name of Sublandlord any such instrument if Subtenant fails to do so, which failure shall also be an Event of Default under this Sublease.

22.22. Addendum. The terms of the Addendum, if any, attached to this Sublease are incorporated into the Sublease by reference. In the event of any inconsistency between the Sublease and the Addendum, the terms of the Addendum shall control.

Sublandlord and Subtenant have executed this Sublease in triplicate as of the date first written above.

SUBTENANT:

**SAN FRANCISCO SHERIFF'S
DEPARTMENT FIVE KEYS ADULT
SCHOOL, a California non-profit
corporation**

By: _____
Steve Good
Its: Executive Director

SUBLANDLORD:

Treasure Island Development Authority

By: _____
Mirian Saez
Director of Island Operations

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____
Deputy City Attorney

Sublease Prepared By: Richard A. Rovetti, Deputy Director of Real Estate _____
(initial)

EXHIBIT A

LAND AND STRUCTURES MASTER LEASE

EXHIBIT B

DIAGRAM OF PREMISES

EXHIBIT C

COVER PAGE OF THE SEISMIC REPORT

EXHIBIT D

RULES AND REGULATIONS

1. All rules and regulations set out in the Master Lease shall prevail.
2. No signs, advertisements, or notices shall be attached to, or placed on, the exterior or interior of the Building or elsewhere on the Property, without prior written approval of Sublandlord.
3. Subtenant's contractors and invitees, while on the Premises or Subtenant's parking area, shall be subject to these Rules and Regulations, and will be subject to direction from Sublandlord and its agents, but will not be an agent or contractor of the Sublandlord or its agents. Subtenant's contractors shall be licensed by the State, insured and bonded at the amount requested by the Sublandlord.
4. Subtenant shall install and maintain at Subtenant's expense, any life safety equipment required by governmental rules, regulations or laws to be kept on the Premises.

EXHIBIT E

STANDARD UTILITIES AND SERVICES AND RATES

Utilities Rate Schedule

Utility Service	Rate	Unit
Electric Rate	\$ 0.14	per kwh
Water Rate	\$ 5.40	per kgal
Sewer Rate	\$ 5.75	per kgal
Gas Rate	\$ 0.60	per therm

Rates are subject to adjustment.

Subtenant shall install utility Submeters to the satisfaction of Sublandlord.

Subtenant shall arrange for delivery of utility services to the premises by making a "Request for Utilities Services" by contacting:

San Francisco Public Utilities Commission
c/o Treasure Island Development Authority
410 Avenue of the Palms
Treasure Island
San Francisco, CA. 94130
Attn: Mr. Vic Zorzinsky
(415) 274-0333

EXHIBIT F

TIHDI WORKFORCE HIRING AGREEMENT

ADDENDUM TO SUBLEASE

This Addendum to the Sublease is dated as of October 1, 2008, between the Treasure Island Development Authority ("Sublandlord"), and SAN FRANCISCO SHERIFF'S DEPARTMENT FIVE KEYS ADULT SCHOOL, a California non-profit corporation ("Subtenant"), relating to certain premises described in the Sublease.

This Addendum supersedes and replaces the terms of the Sublease to which it is attached to the extent of any inconsistency between the Sublease and this Addendum. All capitalized terms used in this Addendum and not defined herein shall have the meanings set forth in the Sublease.

Sublandlord and Subtenant agree as follows:

1. Section 4.4 – Termination by Sublandlord. The following is hereby added to the end of Section 4.4 of the Sublease:

“Subtenant acknowledges that Subtenant has been informed by the Authority that upon the Expiration Date of this Sublease in accordance with its terms, Subtenant has no guarantee that its Sublease will be renewed. Subtenant further acknowledges that it has no right to the Premises after the November 30, 2009 Expiration Date, or such earlier date that this Sublease is terminated in accordance with its terms.”

Sublandlord and Subtenant have executed this Addendum to Sublease in triplicate as of the date first written above.

SUBTENANT:

**SAN FRANCISCO SHERIFF'S
DEPARTMENT FIVE KEYS ADULT
SCHOOL, a California non-profit
corporation**

By: _____
Steve Good
Its: Executive Director

SUBLANDLORD:

Treasure Island Development Authority

By: _____
Mirian Saez
Director of Island Operations

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____
Deputy City Attorney



AGENDA ITEM 8F
Treasure Island Development Authority
City and County of San Francisco
Meeting of October 22, 2008

Subject: Resolution Approving and Authorizing the Execution of a Memorandum of Understanding with the San Francisco Public Utilities Commission for Adjustment of Utility Rates (*Consent Item*).

Contact: Marc McDonald, Facilities Manager

Phone: 415-274-0382

BACKGROUND

Treasure Island Development Authority (the "Authority") performs its Base Caretaker duties on behalf of the United States Navy pursuant to the Base Caretaker Cooperative Agreement, as amended (the "Cooperative Agreement") between United States Navy and the Authority. The Cooperative Agreement was initially signed on March 12, 1997, between the City and the Navy. In November 1998, the Board of Supervisors authorized the Authority to enter into the Cooperative Agreement and assume the City's obligations thereunder. Under the Cooperative Agreement, the Authority is referred to as the "Caretaker."

Obligations of the Caretaker are described generally in Articles I through XI of the Cooperative Agreement. Specific duties of the Caretaker are described in Functional Annexes I through 9. Functional Annex 6 – Utilities Services, describes the responsibilities of the Caretaker with respect to operation and maintenance of the utilities systems at Treasure Island and Yerba Buena Island. The San Francisco Public Utilities Commission (SFPUC) has been performing the Caretaker's responsibilities under Functional Annex 6.

Utility rates were initially established by the Navy to defray costs of utility commodities, operations and maintenance. Although the US Navy assigned the Caretaker the responsibility to manage the utility system in 1998, the US Navy continued to set rates through 1999. On October 1, 2000, Modification No. P00013 amended the Cooperative Agreement to allow the Caretaker to establish uniform rates for utilities consumers on Treasure Island and Yerba Buena Island. Section 6.2.3.1 of Functional Annex 6 in Modification No. P00013 provides that the Caretaker will operate and maintain the utility systems on the islands and "defray associated costs through revenues generated by charging uniform rates established by the Caretaker." This authority was reiterated in Modification No. P00014, dated, October 1, 2001. Functional Annex 6 of the Cooperative Agreement has not been amended by any subsequent modification.

On March 8, 2006, the Authority's Board of Directors adopted Resolution No. 06-17-03/08 approving the modification of utility rates, approving the establishment of uniform utility rates for all metered utility consumers on Treasure Island and Yerba Buena Island, including federal

utility consumers, and authorized Project Staff to continue to work with the SFPUC to make further recommendations to the Authority Board regarding future utility rate adjustments.

At the request of SFPUC staff, Project Staff and SFPUC staff have negotiated a Memorandum of Understanding (the "Agreement") with the SFPUC to implement the terms of Resolution No. 06-17-03/08, including documenting the following current utility rates: (a) Electricity: \$142.75 per megawatt-hour (MW-hr); (b) Water: \$5.40 per 1000 gallons (kgal); (c) Sewer Service: \$5.75 per kgal; and (d) Natural Gas: the variable rate that the SFPUC pays the California Department of General Services to purchase natural gas plus a 5% maintenance and operation fee. The Agreement also allows staff from the Authority and the SFPUC to work together to determine whether rates should be increased or decreased to pass through changes in the cost of supplies and materials and to recover the cost of unanticipated expenses. If Project Staff and SFPUC staff agree that a rate adjustment is necessary, then Project Staff will be able to bring recommendations to the Authority Board for review and approval.

FINANCIAL IMPACT

The Agreement does not have any current impact on the Authority's budget for FY 08/09. The Authority budgeted \$950,000 for payment to the SFPUC for FY 08/09. Typical cost for SFPUC services has been \$550,000 per year. The balance of the budgeted funds was allocated to pay \$200,000 for the first installment toward retirement of Unpaid Utility Bills and \$300,000 for the annual rental for the back-up electrical generator. Project Staff does not anticipate recommending an adjustment in utility rates for the current fiscal year. There may be a recommendation to adjust rates in the upcoming fiscal year.

RECOMMENDATION

Project Staff recommends that the Authority Board of Directors approve the Agreement between the SFPUC and the Authority and authorize the Director of Island Operations or her designee to execute the Agreement.

EXHIBIT A – Memorandum of Understanding Between San Francisco Public Utilities Commission and the Treasure Island Development Authority Regarding Utility Rate Adjustments.

Prepared by: Marc McDonald, Facilities Manager
For: Mirian Saez, Director of Island Operations

[Resolution Authorizing SFPUC MOU to Adjust Utility Rates]

Resolution Approving and Authorizing the Execution of a Memorandum of Understanding with the San Francisco Public Utilities Commission for Adjustment of Utility Rates.

WHEREAS, Former Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United States of America, acting by and through the Department of the Navy (the "Navy"); and,

WHEREAS, The Base was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Act"), the California legislature (i) designated the Authority as a redevelopment agency under California redevelopment law with authority over the Base upon approval of the City's Board of Supervisors, and, (ii) with respect to those portions of the Base which are subject to the Tidelands Trust, vested in the Authority the

authority to administer the public trust for commerce, navigation and fisheries as to such property; and,

WHEREAS, The Board of Supervisors approved the designation of the Authority as a redevelopment agency with powers over Treasure Island in Resolution No. 43-98, dated February 6, 1998; and,

WHEREAS, On March 12, 1997, the City and the Navy entered into the Base Caretaker Cooperative Agreement ("Cooperative Agreement") for the management and operation of the Base; and,

WHEREAS, In November 1998, the San Francisco Board of Supervisors adopted Resolution No. 938-98 authorizing the Authority to enter into the Cooperative Agreement with the Navy and to assume responsibility for certain caretaker duties at the Base including the operation, maintenance and repair of the Navy's utility systems that service Treasure Island and Yerba Buena Island; and,

WHEREAS, The Cooperative Agreement includes various Functional Annexes that describe in detail the caretaker duties for which the Authority is responsible under the Cooperative Agreement, among which Functional Annex 6 - Utilities Services describes the operation and maintenance of the utility systems and the delivery of utilities to the occupants and users of Treasure Island and Yerba Buena Island; and,

WHEREAS, In accord with the terms of the Cooperative Agreement, the SFPUC has performed the Authority's responsibilities under Functional Annex 6 – Utilities Services, including, without limitation, the operation and maintenance of the utility systems and the delivery of utilities services to the Base; and,

WHEREAS, On October 1, 2000, the Cooperative Agreement was amended by Modification No. P00013, to allow the Authority, as the Caretaker under the Cooperative Agreement, to establish uniform rates for utilities consumers on the Base; and,

WHEREAS, Utilities commodities purchasing, operation and maintenance responsibilities have been work ordered by the Authority to the San Francisco Public Utilities Commission (SFPUC); and,

WHEREAS, On March 8, 2006, the Authority's Board of Directors adopted Resolution No. 06-17-03/08 approving the modification of utility rates, approving the establishment of uniform utility rates for all metered utility consumers on Treasure Island and Yerba Buena Island, including federal utility consumers, and authorized Project Staff to continue to work with the SFPUC to make further recommendations to the Authority Board regarding future utility rate adjustments; and,

WHEREAS, At the request of SFPUC staff, Project Staff and SFPUC staff have negotiated a Memorandum of Understanding (the "Agreement") to implement the terms of Resolution No. 06-17-03/08, including documenting the following current utility rates: (a) Electricity: \$142.75 per megawatt-hour (MW-hr); (b) Water: \$5.40 per 1000 gallons (kgal); (c) Sewer Service: \$5.75 per kgal; and (d) Natural Gas: the variable rate that the SFPUC pays the California Department of General Services to purchase natural gas plus a 5% maintenance and operation fee; and,

WHEREAS, The Agreement also provides that the Authority and SFPUC agree to work together to review rates and to make recommendations on an as-needed basis, and if both parties agree on an adjustment, that recommendation will go to the Authority Board for future utility rate adjustments; Now, Therefore Be It

RESOLVED, That the Board of Directors hereby approves the terms of the Memorandum of Understanding with the San Francisco Public Utilities Commission for Adjustment of Utilities Rates and authorizes the Director of Island Operations or her designee to execute the Agreement subject to approval of the Agreement by the San Francisco Public

Utilities Commission, if required, in substantially the same form of Agreement attached hereto as Exhibit A; and, be it

FURTHER RESOLVED, That the Board of Directors hereby authorizes the Director of Island Operations to enter into any additions, amendments or other modifications to the Agreement that the Director of Island Operations determines in consultation with the City Attorney are in the best interests of the Authority, that do not materially increase the obligations or liabilities of the Authority, that do not materially reduce the rights of the Authority, and are necessary or advisable to complete the preparation and approval of the Agreement, such determination to be conclusively evidenced by the execution and delivery by the Director of Island Operations of the documents and any amendments thereto.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on October 22, 2008.

John Elberling, Secretary

ITEM 8F EXHIBIT A

**Memorandum of Understanding
Between
San Francisco Public Utilities Commission
and
Treasure Island Development Authority
Regarding Utility Rate Adjustments**

October __, 2008

THIS MEMORANDUM OF UNDERSTANDING (the "Agreement") dated for reference purposes only as of _____, 2008, is by and between the SAN FRANCISCO PUBLIC UTILITIES COMMISSION (the "SFPUC"), a department of the City and County of San Francisco, and the TREASURE ISLAND DEVELOPMENT AUTHORITY, a California public benefit corporation (the "Authority"). The SFPUC and the Authority may be collectively referred to herein as the "Parties."

RECITALS

A. In 1993, Naval Station Treasure Island ("NSTI"), consisting of both Treasure Island and portions of Yerba Buena Island, was designated for Base Realignment and Closure and ceased active operations in 1997. The United States Navy ("Navy") maintains NSTI in caretaker status, pending disposal and reuse of the property. A small portion of Yerba Buena Island continues to function as an active United States Coast Guard (USCG) Station and a portion of Treasure Island was transferred to the United States Department of Labor Jobs Corps for the operation of a jobs training program.

B. In March 12, 1997, the City and County of San Francisco (the "City") and the Navy executed the Base Caretaker Cooperative Agreement, which has been amended from time to time (the "Cooperative Agreement"), for the management and operation of NSTI.

C. In May 1997, the San Francisco Board of Supervisors adopted Resolution No. 380-97 authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation to be known as the Treasure Island Development Authority.

D. Thereafter, the Authority was designated a community redevelopment agency under the California Community Redevelopment Law (Sections 33000 *et seq* of the California Health and Safety Code) and is the local reuse authority for purposes of the redevelopment and conversion of NSTI to productive civilian uses.

E. The Authority leases portions of NSTI from the Navy pursuant to various Master Leases. In turn, the Authority subleases certain areas of NSTI to the John Stewart Company and member organizations of the Treasure Island Homeless Development Initiative ("TIHDI") for residential subleasing. The Authority subleases other areas of NSTI to various commercial and nonprofit subtenants.

F. In November 1998, the San Francisco Board of Supervisors adopted Resolution No. 938-98 authorizing the Authority to enter into the Cooperative Agreement with the Navy and to assume responsibility for certain caretaker duties at NSTI, including the operation, maintenance and repair of the Navy's utility systems that service NSTI.

G. The Cooperative Agreement includes various Functional Annexes that describe in detail the caretaker duties for which the Authority is responsible under the Cooperative Agreement. Functional Annex 6 – Utilities Services describes the responsibilities for the operation and maintenance of utilities systems at NSTI.

H. Since 1997, the SFPUC has performed the responsibilities under Functional Annex 6 – Utilities Services, including, without limitation, the operation and maintenance of the utility systems and the delivery of utilities to the occupants and users of Treasure Island and Yerba Buena Island such as the Authority, the United States Coast Guard, the Jobs Corps, the approximately 3,000 residents under subleases with the John

Stewart Company and member organizations of TIHDI, and various commercial and nonprofit tenants.

I. The Cooperative Agreement further provides that the Authority shall defray costs associated with operating the utilities systems at NSTI through revenues generated by charging uniform rates established by the Authority. (*See*, Cooperative Agreement, as amended October 1, 2001, Modifications No P00013 and No P00014 Functional Annex 6, Paragraph 6.2.3.1)

J. In March 2006, the Authority Board of Directors approved the modification of utility rates to reflect (i) the variable rate that the California Department of General Services pays to purchase natural gas plus (ii) a 5 percent maintenance and operation fee; approved the establishment of uniform utility rates for all its metered utility customers; and authorized the Authority staff to work with the SFPUC to make further recommendations to the Board for future utility rate adjustments.

NOW, THEREFORE, IN CONSIDERATION of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the SFPUC and the Authority hereby agree to the following:

AGREEMENT

1. Current Utility Rates

- a. Electricity: \$142.75 per megawatt-hour (MW-hr)
- b. Water: \$5.40 per 1000 gallons (kgal)
- c. Sewer Service: \$5.75 per kgal
- d. Natural Gas: The variable rate that the SFPUC pays the California Department of General Services to purchase natural gas plus (ii) a 5 percent maintenance and operation fee.

2. Future Rates

The Authority and the SFPUC agree to work together to review rates and to make recommendations on an as-needed basis, and if both Parties agree for any adjustment, that recommendation shall go to the Board of the Authority for future utility rate adjustments.

3. Notices. Any notice given under this Agreement shall be in writing and given by delivering the notice in person, by commercial courier or by sending it by regular mail, with postage prepaid, to the mailing address listed below or any other address notice of which is given. For the convenience of the parties, copies of notices may also be given

by facsimile, to the telephone number listed below or such other numbers as may be provided from time to time.

Address for SFPUC: 1155 Market Street,
4th Floor,
San Francisco, CA 94102
Attn: Sam Larano
Fax No: (415) 554-1854
Telephone No: (415) 554-0724
Email: slarano@sfgwater.org

Address for the Authority: 410 Avenue of the Palms
Treasure Island
San Francisco, CA 94130
Attn: Mirian Saez
Director of Island Operations
Fax No: (415) 274-0299
Telephone No: (415) 274-0660
Email: mirian.saez@sfgov.org

4. Miscellaneous Provisions.

a. California Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of California and the City, including the City's Charter.

b. Entire Agreement. Subject to any subsequent agreements authorized pursuant to this Agreement, this Agreement contains all of the representations and the entire agreement between the parties with respect to the subject matter of this Agreement. No prior drafts of this Agreement or changes from those drafts to the executed version of this Agreement shall be introduced as evidence in any litigation or other dispute resolution proceeding by any party or other person, and no court or other body should consider those drafts in interpreting this Agreement.

c. Amendments. No amendment of this Agreement or any part hereof shall be valid unless it is in writing and signed by all of the parties hereto.

d. Further Assurances. The parties hereto agree to execute and acknowledge such other and further documents as may be necessary or reasonably required to carry out the mutual intent of the parties as expressed in this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

SFPUC:

CITY AND COUNTY OF SAN
FRANCISCO, acting by and through its
Public Utilities Commission

THE AUTHORITY:

TREASURE ISLAND DEVELOPMENT
AUTHORITY, a California public benefit
corporation

By: _____
Name:
Title:

By: _____
Mirian Saez
Director of Island Operations

Approved as to form:

Dennis J. Herrera,
City Attorney

Approved as to form:

Dennis J. Herrera,
City Attorney

By: _____
Deputy City Attorney

By: _____
Deputy City Attorney



AGENDA ITEM 8G
Treasure Island Development Authority
City and County of San Francisco
Meeting of October 22, 2008

Subject: Resolution Approving the First Amendment to the Amended and Restated Bylaws of the Treasure Island/Yerba Buena Island Citizens Advisory Board Regarding the Election of Existing Residents of Naval Station Treasure Island

Contact: Michael Tymoff, Mayor's Office of Joint Development

SUMMARY OF PROPOSED ACTION

This item is requesting that the Treasure Island Development Authority (TIDA) Board approve the First Amendment to the Amended and Restated Bylaws of the Treasure Island/Yerba Buena Island Citizens Advisory Board (CAB) to designate four (4) seats of the twenty-five (25) member CAB for residents currently residing on Naval Station Treasure Island (NSTI), including (2) seats designated for low and moderate income residents.

BACKGROUND

On February 25, 1998, the TIDA Board approved Resolution 98-07-2/25, adopting the rules and procedures for the creation of a CAB. The resolution directed the establishment of a CAB of up to twenty-five (25) members, and also provided that additional categories could be added from time to time as deemed necessary by TIDA. On February 1, 1999, the Board of Supervisors (BoS) adopted Resolution No. 89-99, calling for the formation of a CAB comprised of twenty-five (25) persons, fourteen (14) of whom shall be appointed by the Mayor, and eleven (11) of whom shall be appointed by the BoS, and to take all steps necessary to effectuate the provisions of the resolution.

In September 2000, members of the CAB were first appointed by the Mayor and the BoS. On December 13, 2000, the TIDA Board adopted Resolution No. 00-41-12/21 approving the formation of the CAB and the CAB Bylaws. For the past eight years, the CAB has held regular public meetings subject to the Ralph M. Brown Act and the City's Sunshine Ordinance, has appointed members to serve on various subcommittees that meet in supplement to regularly scheduled CAB meetings, and has provided advice and recommendations to the TIDA Board concerning the redevelopment of NSTI.

In June, 2008, the CAB endorsed and the TIDA Board authorized staff to pursue state legislation that would exempt TIDA from the portion of the California Redevelopment Law that requires the creation of a Project Area Committee (PAC), on the basis that the CAB continues to remain in place and includes representation of residents and community organizations, and that the Redevelopment Plan ensures that any potential displacement of low and moderate income

residents is mitigated through the construction of affordable housing and the provision of relocation and transition commitments to existing households.

On September 26, 2008, Governor Schwarzenegger signed Assembly Bill 1496 (Leno) ("AB 1496"). In order to implement and comply with AB 1496, TIDA must (i) continue to consult with and obtain the advice of the existing CAB concerning the adoption and implementation of the Redevelopment Plan; (ii) amend the membership composition of the CAB to include not less than four (4) specific seats for residents currently residing on NSTI, including seats designated for low and moderate income residents at least 120 days prior to the adoption of the Redevelopment Plan; (iii) hold at least one public meeting to explain the new CAB composition, the opportunity for NSTI residents to serve on the CAB, and the procedure for the selection of residents to serve on the CAB, which shall require that the resident members of the CAB be selected by the vote of the existing residents of NSTI, and that all resident member seats shall be filled no later than 60 days prior to the adoption of the Redevelopment Plan; and (iv) persons of low and moderate income lawfully occupying the existing housing on NSTI at the time the redevelopment plan is adopted, and at the time the existing housing is removed or demolished, shall be offered new permanent housing adequate to accommodate the household to be constructed within the redevelopment project area, at a cost or rent not exceeding the affordable housing costs or affordable rent, as defined by California Health and Safety Code Sections 50052.5 or 50053. A copy of AB 1496 is attached hereto as Exhibit A.

PROPOSAL

CAB Composition. On September 9, 2008, staff presented a proposal for the First Amendment to the Amended and Restated Bylaws of the CAB, requiring that four (4) seats be designated for residents currently residing on NSTI, and that two (2) of those four (4) seats be designated for low and moderate income residents. The proposal also would require that these four (4) resident seats be selected by a vote of existing residents of NSTI, and that for purposes of filling any post-election vacancies, the seats would be designated as either BoS or Mayor post-election appointed seats, subject to the same eligibility requirements of the originally elected members (i.e. maintaining residency on NSTI and meeting the State's income limits for low and moderate income households). The proposal would not result in an increase in size of the CAB from the original twenty-five (25) members; rather the NSTI resident seats would fill four (4) seats by amending the number of pre-election members appointed by the Board of Supervisors from eleven (11) to nine (9), and the number of pre-election members appointed by the Mayor from fourteen (14) to twelve (12). A copy of the proposed First Amendment to the Amended and Restated Bylaws of the CAB is attached hereto as Exhibit B.

Election Procedures. TIDA staff would work with the City's Department of Elections' staff to finalize election procedures for the initial election of the four (4) resident seats. The election procedures will be generally based on the election procedures that the Board of Supervisors has adopted for PAC elections. The CAB election procedures will require that TIDA hold one publicly noticed meeting on Treasure Island to explain the new membership composition and the opportunity for NSTI residents to serve on the CAB, and to announce the election procedures and the date, time and location of the election. This will begin the candidate filing and voter eligibility filing period. The election will be conducted through the Department of Elections in

accordance with the final election procedures established by the Department of Elections and TIDA staff. A copy of the draft election procedures is attached hereto as Exhibit C.

RECOMMENDATION

On October 7, 2008, at a duly noticed public meeting, the CAB voted unanimously to endorse the First Amendment to the Amended and Restated Bylaws and to urge the TIDA Board of Directors to approve the First Amendment to the Amended and Restated Bylaws.

Staff recommends that the TIDA Board of Directors approve the First Amendment to the Amended and Restated Bylaws. Staff also requests that the TIDA Board of Directors delegate to Project staff the authority to work with the City's Department of Elections staff to finalize the CAB election procedures, cause the City's Department of Elections to hold the election for the four (4) resident seats on the CAB, and to undertake all actions necessary to implement the CAB Election Procedures.

EXHIBITS

A. Assembly Bill 1496

B. First Amendment to the Amended and Restated Bylaws of the Treasure Island/Yerba Buena Island Citizens Advisory Board

C. Draft Election Procedures

Prepared by: Michael Tymoff, Office of Joint Development

[Amending Treasure Island/Yerba Buena Island Citizens Advisory Board Bylaws.]

Approving the First Amendment to the Amended and Restated Bylaws for The Treasure Island/Yerba Buena Island Citizens Advisory Board to Provide for the Election of Treasure Island Residents as Members.

WHEREAS, Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United States of America; and,

WHEREAS, Treasure Island was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco ("City"); and,

WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Act"), the California Legislature (i) designated the Authority as a redevelopment agency under California redevelopment law with authority over the Base upon approval of the Board of Supervisors, and (ii), with respect to those portions of the Base which are subject to the public trust for commerce, navigation and fisheries (the "Tidelands Trust"), vested in the Authority the authority to administer the Tidelands Trust as to such property; and,

WHEREAS, The Board of Supervisors approved the designation of the Authority as a redevelopment agency with powers over Treasure Island in Resolution No. 43-98, dated February 6, 1998; and,

WHEREAS, On February 25, 1998, the Authority Board of Directors adopted rules and procedures for the creation of a citizens advisory committee as described in Resolution No. 98-07/25; and,

WHEREAS, On February 1, 1999, the Board of Supervisors adopted Resolution No. 89-99, calling for the Authority Board of Directors to adopt a resolution to form a Citizens Advisory Board consisting of 25 members, 14 of whom are appointed by the Mayor and 11 of whom are appointed by the Board of Supervisors, chosen from among the general categories of qualifications described in Exhibit A to Resolution No. 89-99; and,

WHEREAS, On December 13, 2000, the Authority Board of Directors adopted Resolution No. 00-41-12/21 approving (i) the creation of the Treasure Island/Yerba Buena Island Citizens Advisory Board ("CAB") and the appointment of members in accordance with Board of Supervisors Resolution No. 89-99, and (ii) the Bylaws of the Treasure Island/Yerba Buena Island Citizens Advisory Board (as amended from time to time, the "CAB Bylaws"); and,

WHEREAS, For the past eight years, the CAB has held regular public meetings subject to the Ralph M. Brown Act and the City's Sunshine Ordinance, has appointed members of the CAB to serve on various subcommittees, and has provided advice and recommendations to the Authority Board of Directors concerning the redevelopment of the Base; and,

WHEREAS, In June, 2008, the CAB endorsed and the TIDA Board authorized staff to pursue state legislation that would exempt TIDA from the portion of the California Redevelopment Law that requires the creation of a Project Area Committee ("PAC"), on the basis that the CAB continues to remain in place and includes representation of residents and

community organizations, and that the Redevelopment Plan ensures that any potential displacement of low and moderate income residents is mitigated through the construction of affordable housing and the provision of relocation and transition commitments to existing households; and,

WHEREAS, On September 26, 2008, Governor Schwarzenegger signed Assembly Bill 1496 (Leno) ("AB 1496"). In order to comply with AB 1496, TIDA must (i) continue to consult with and obtain the advice of the existing CAB concerning the adoption and implementation of the Redevelopment Plan; (ii) amend the membership composition of the CAB to include not less than four (4) specific seats for residents currently residing on NSTI, including seats designated for low and moderate income residents at least 120 days prior to the adoption of the Redevelopment Plan; (iii) hold at least one public meeting to explain the new CAB composition, the opportunity for NSTI residents to serve on the CAB, and the procedure for the selection of residents to serve on the CAB, which shall require that the resident members of the CAB be selected by the vote of the existing residents of NSTI, and that all resident member seats shall be filled no later than 60 days prior to the adoption of the Redevelopment Plan; and (iv) persons of low and moderate income lawfully occupying the existing housing on NSTI at the time the redevelopment plan is adopted, and at the time the existing housing is removed or demolished, shall be offered new permanent housing adequate to accommodate the household to be constructed within the redevelopment project area, at a cost or rent not exceeding the affordable housing costs or affordable rent, as defined by California Health and Safety Code Sections 50052.5 or 50053; and,

WHEREAS, In order to implement and comply with AB 1496, Project staff are proposing to amend the CAB Bylaws to require that (i) four (4) of the existing twenty-five (25) seats be designated for residents currently residing on the Base, (ii) two (2) of the four (4) seats be designated for low- and moderate-income residents, (iii) the four (4) resident seats

be selected by a vote of existing residents of the Base, and (iv) for purposes of filling any post-election vacancies, two (2) of the resident seats be designated as Mayor appointed seats and two (2) of the resident seats be designated as Board of Supervisors appointed seats, subject to the same eligibility requirements of the originally elected members (i.e., maintaining residency of the Base and meeting the State's income limits for low- and moderate-income households, if applicable); and,

WHEREAS, Project staff proposes to work with the City's Department of Elections staff to finalize election procedures for the initial election of the four (4) resident seats, which election procedures will be generally based on the election procedures that the Board of Supervisors adopted for PAC elections; and,

WHEREAS, Article IX of the CAB Bylaws provides that the CAB Bylaws may be amended at any regular meeting of the CAB by a two-thirds (2/3) vote of all duly appointed members of the CAB regardless of whether such members are present and voting, provided, that the proposed amendment was submitted in writing to each CAB member at the previous regular meeting and the proposed amendment is approved by the Authority Board of Directors; and,

WHEREAS, On September 9, 2008, at a duly noticed public meeting, Project staff provided CAB members with a copy of the First Amendment to the Amended and Restated Bylaws of the Treasure Island/Yerba Buena Island Citizens Advisory Board (the "First Amendment to the Amended and Restated Bylaws"); and,

WHEREAS, On October 7, 2008, at a duly noticed public meeting, the CAB voted unanimously to approve the First Amendment to the Amended and Restated Bylaws in substantially the form attached hereto as Exhibit A, and to urge the Authority Board of Directors to approve the First Amendment to the Amended and Restated Bylaws; and,

WHEREAS, Project staff recommends that the Authority Board of Directors approve the First Amendment to the Amended and Restated Bylaws and delegate to Project staff the authority to work with the City's Department of Elections staff to finalize the CAB election procedures and cause the City's Department of Elections to hold the election for the four (4) resident seats; now therefore, be it

RESOLVED, That the Authority Board of Directors hereby approves the First Amendment to the Amended and Restated Bylaws in substantially the form attached hereto as Exhibit A; and, be it

FURTHER RESOLVED, That the Authority Board hereby delegates to Project staff the authority to (i) work with the City's Department of Elections staff to finalize CAB election procedures for the election of the four (4) resident seats described in the First Amendment to the Amended and Restated Bylaws, (ii) cause the Department of Elections to hold an election in accordance with the CAB election procedures, and (iii) to undertake all actions necessary or appropriate to implement the CAB Election Procedures, including the promulgation of implementing rules not inconsistent with the CAB Election Procedures, the CAB's adopted Bylaws, and applicable law.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed special meeting on October 22, 2008.

John Elberling, Secretary

Exhibit A

Assembly Bill 1496

Assembly Bill No. 1496

CHAPTER 318

An act to amend Section 5 of Chapter 898 of the Statutes of 1997, relating to redevelopment.

[Approved by Governor September 26, 2008. Filed with
Secretary of State September 26, 2008.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1496, Leno. Redevelopment: Treasure Island Development Authority.

The Community Redevelopment Law requires the establishment of a project area committee when a redevelopment plan contains authority for a redevelopment agency to acquire by eminent domain property on which persons reside and where a substantial number of low- or moderate-income persons, or both, reside within one project area. A project area committee also must be established when a redevelopment plan contains one or more public projects that would displace a substantial number of low- or moderate-income persons, or both. Under the Community Redevelopment Law, the legislative body of a city or county is required to call upon the residents and existing community organizations in a redevelopment project area to form a project area committee if a substantial number of low- or moderate-income persons, or both, reside within the project area, and the redevelopment plan as adopted will contain authority for the agency to acquire, by eminent domain, property on which any persons reside or if the redevelopment plan as adopted contains one or more public projects that will displace a substantial number of low- or moderate-income persons, or both.

Existing law, the Treasure Island Conversion Act of 1997, also authorizes the City and County of San Francisco to designate the Treasure Island Development Authority and any successor entity thereof as the redevelopment agency for the purposes of acquiring, using, operating, maintaining, converting and redeveloping Naval Station Treasure Island.

This bill would authorize the authority to follow a different procedure for the redevelopment of the Naval Station Treasure Island if the authority follows specified procedures, including the addition of residents to the current citizens advisory board, holding at least one noticed public meeting, and offering current low- and moderate-income residents new permanent housing adequate to accommodate the household to be constructed within the redevelopment project area, at a cost or rent not exceeding the affordable housing costs or affordable rent, as specified.

The people of the State of California do enact as follows:

SECTION 1. Section 5 of Chapter 898 of the Statutes of 1997 is amended to read:

Sec. 5. (a) Notwithstanding Article 2 (commencing with Section 33110) of Chapter 2 of Part 1 of Division 24 of the Health and Safety Code, the legislative body of the City and County of San Francisco may, by resolution, designate the authority or any successor entity or agency of the authority as the redevelopment agency with all of the rights, powers, privileges, immunities, authorities, and duties granted to a redevelopment agency pursuant to Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code, for the purpose of acquiring, using, operating, maintaining, converting, and redeveloping the property. Upon adoption of that resolution, the authority shall be considered a redevelopment agency for all purposes under state law, including, but not limited to, the purposes of Section 21090 of the Public Resources Code.

(b) Notwithstanding any state or local law, including, without limitation, Section 33111 of the Health and Safety Code, the board of directors of the authority may include individuals who are officers or employees of the City and County of San Francisco or of the San Francisco Redevelopment Agency and those individuals are not precluded, solely by virtue of their status as officers or employees of the City and County of San Francisco or the San Francisco Redevelopment Agency, from participating in decisions as members of the board of directors.

(c) Notwithstanding Section 1090 of the Government Code and Section C8.105 of Appendix C of the San Francisco Charter, officers and employees of the City and County of San Francisco or the San Francisco Redevelopment Agency are not precluded, solely by virtue of their services as members of the board of directors, from participating in any decisions in their capacities as officers or employees of the City and County of San Francisco or the San Francisco Redevelopment Agency.

(d) Notwithstanding any other provision of law, the authority's employees are subject to the same civil service provisions as the employees of the City and County of San Francisco.

(e) Notwithstanding any other provision of law, the authority shall follow the same competitive bidding procedures applicable to redevelopment agencies in California.

(f) Prior to the board of supervisor's approval of a redevelopment plan for the property, any contract to which the authority is a party worth more than one million dollars (\$1,000,000) or with a term of 10 or more years shall require the approval of the Board of Supervisors of the City and County of San Francisco.

(g) Due to the unique status of the existing housing units as set forth in this chapter, which were formerly base housing and must be removed, the authority need not comply with Section 33385 of the Health and Safety Code, as long as the authority complies with all of the following alternative requirements:

(1) The authority shall consult with and obtain the advice of the existing Treasure Island/Yerba Buena Island Citizens Advisory Board, as created by Resolution No. 00-41-12/21 of the Treasure Island Development Authority Board, concerning the adoption and implementation of a redevelopment plan for Naval Station Treasure Island.

(2) At least 120 days before the adoption of the Redevelopment Plan for Naval Station Treasure Island, the authority shall amend the membership composition of the Treasure Island/Yerba Buena Island Citizens Advisory Board to include not less than four specific slots for residents currently residing on Naval Station Treasure Island, including slots designated for low- and moderate-income residents.

(3) The authority shall hold at least one public meeting to explain the new citizens advisory board composition. The authority shall provide written notice of the public meeting explaining the new citizens advisory board composition and the opportunity for Naval Station Treasure Island residents to serve on the citizens advisory board to all residents of Naval Station Treasure Island at the time of the public meeting. The authority shall proscribe the procedure for selection of the resident members of the citizens advisory board, which shall must require that the resident members of the citizens advisory board be selected by a vote of the existing residents of the Naval Station Treasure Island. All resident member seats of the citizens advisory board added pursuant to this section shall be filled no later than 60 days prior to the adoption of the Redevelopment Plan for Naval Station Treasure Island. The authority may, but is not required to, increase the size of the citizens advisory board to include the resident members. The authority is authorized and shall take any and all actions consistent with this section to create specific slots for resident membership on the citizens advisory board.

(4) Persons of low- and moderate-income lawfully occupying the existing housing on Naval Station Treasure Island at the time the Redevelopment Plan for Naval Station Treasure Island is adopted, and at the time the existing housing is removed or demolished, shall be offered new permanent housing adequate to accommodate the household to be constructed within the redevelopment project area, at a cost or rent not exceeding the affordable housing costs or affordable rent, as defined by Section 50052.5 or 50053 of the Health and Safety Code, as applicable. The redevelopment plan shall include provisions requiring the authority to implement this subdivision.

SEC. 2. The Legislature finds and declares that, because of the unique circumstances applicable only to the lands within the City and County of San Francisco described in the Treasure Island Conversion Act of 1997, Chapter 898 of the Statutes of 1997, relating to the closure of Naval Station Treasure Island, a statute of general applicability cannot be enacted within the meaning of subdivision (b) of Section 16 of Article IV of the California Constitution. Therefore, this special statute is necessary.

TREASURE ISLAND/YERBA BUENA ISLAND CITIZENS ADVISORY BOARD

FIRST AMENDMENT TO AMENDED AND RESTATED BY-LAWS

ARTICLE II – MEMBERS (Current Reading)

There shall be up to twenty-five (25) members on the CAB, fourteen (14) of whom shall be appointed by the Mayor and eleven (11) of whom shall be appointed by the Board of Supervisors. The members as of the date of these By-laws are listed on Exhibit A, attached hereto. A member's term shall terminate upon the member's submittal of a written resignation, death or termination for cause in accordance with Article IV, Section 5. Authority staff shall communicate any CAB vacancy to the applicable appointing authority. If the vacancy is for a Board of Supervisors ("BoS") appointed seat, the BoS shall appoint the replacement. If the vacancy is for a Mayor appointed seat, the Mayor shall appoint the replacement.

ARTICLE II – MEMBERS (Proposed Amendment)

There shall be up to twenty-five (25) members on the CAB, twelve (12) of whom shall be appointed by the Mayor, nine (9) of whom shall be appointed by the Board of Supervisors, and four (4) of whom shall be initially selected by a vote of the existing residents of Naval Station Treasure Island ("NSTI"), and shall themselves be residents currently residing on NSTI. Two (2) of the four (4) NSTI resident member seats shall be designated for low and moderate income residents meeting the State's income limits for low and moderate income households published by the California Department of Housing and Community Development. The election for the four (4) NSTI resident member seats shall be conducted by the Department of Elections in accordance with election procedures established by the Authority and the Department of Elections, and all NSTI resident member seats shall be filled no later than sixty (60) days prior to adoption of the Redevelopment Plan. For the purpose of filling any vacancies in the NSTI resident member seats that arise after the election, two (2) of the NSTI resident member seats - one (1) low and moderate income resident and one (1) non income qualified resident - shall be designated as Mayor appointed seats ("post-election Mayor appointed seats"), and two (2) of the NSTI resident member seats - one (1) low and moderate income resident and one (1) non income qualified resident - shall be designated as BoS appointed seats ("post-election BoS appointed seats").

A member's term shall terminate upon the member's submittal of a written resignation, death or termination for cause in accordance with Article IV, Section 5. In addition to the foregoing termination events, an NSTI resident member's term shall terminate upon the member moving off of NSTI, and/or in the case of a low and moderate income resident, upon the member no longer meeting the State's income limits for low and moderate income households. Authority staff shall communicate any CAB vacancy to the applicable appointing authority. If the vacancy is for a BoS appointed seat, the BoS shall appoint the replacement, including those designated as post-election BoS appointed seats. If the vacancy is for a Mayor appointed seat, the Mayor shall appoint the replacement, including those designated as post-election Mayor appointed seats. The two (2) post-election BoS appointed seats and the two (2) post-election Mayor appointed seats shall be subject to the eligibility requirements of those members originally selected by a vote of the existing residents of NSTI, including maintaining residency on NSTI, and for the two (2) seats designated for low and moderate income residents, also meeting the State's income limits for low and moderate income households.

Exhibit C

PROCEDURES FOR THE ELECTION OF EXISTING RESIDENTS OF NAVAL STATION TREASURE ISLAND TO THE TREASURE ISLAND/YERBA BUENA ISLAND CITIZENS ADVISORY BOARD

I. [§100] PURPOSE

The purpose of these PROCEDURES FOR THE ELECTION OF EXISTING RESIDENTS OF NAVAL STATION TREASURE ISLAND ("NSTI") TO THE TREASURE ISLAND/YERBA BUENA ISLAND CITIZENS ADVISORY BOARD (the "CAB Election Procedures") is to implement the provisions of Section 5 of Chapter 898 of the Statutes of 1997, as amended by Chapter 318 of the Statutes of 2008 by establishing a process for the election of four (4) existing residents of NSTI to the Treasure Island/Yerba Buena Island Citizens Advisory Board. Two (2) seats will be at large seats for existing residential tenants of NSTI and two (2) seats will be restricted to existing residential tenants residing in households that meet the State's income limits for low and moderate income households. These CAB Election Procedures are largely based on the community-wide Project Area Committees ("PAC") Election Procedures adopted by the Board of Supervisors for the election of members to a PAC in the City and County of San Francisco, with certain modifications incorporated to address situations unique to the Treasure Island / Yerba Buena Island Redevelopment Project, and in direct response to the provisions of paragraph (g) of Section 5 of Chapter 898 of the Statutes of 1997, which exempts the Treasure Island Development Authority (the "Authority") from complying with Section 33385 of the Health and Safety Code, namely the requirement to form a PAC.

II. [§200] DEFINITIONS

All terms shall have the meanings set forth below or when first used.

A. [§201] Authority

"Authority" means the Treasure Island Development Authority, and any Authority staff, consultants, assignees, delegates and City departments who may be assigned the duties and responsibilities for carrying out these CAB Election Procedures.

B. [§202] Citizens Advisory Board

"Citizens Advisory Board" means the Treasure Island/Yerba Buena Island Citizens Advisory Board.

C. [§203] City

"City" means the City and County of San Francisco, California.

Exhibit C

D. [§204] Department

"Department" means the City's Department of Elections and any Department staff, consultants, assignees, or delegates who may be assigned the duties and responsibilities for carrying out these CAB Election Procedures.

E. [§205] Low and Moderate Income Residential Tenant

"Low and Moderate Income Residential Tenants" means a residential tenant residing in a household that meets the State's income limits for low and moderate income households as published by the California Department of Housing and Community Development.

F. [§206] NSTI

"NSTI" means the portions of Treasure Island and Yerba Buena Island that comprised former Naval Station Treasure Island, as delineated on the map attached hereto as Exhibit A.

G. [§207] Project

"Project" means the Treasure Island / Yerba Buena Island Redevelopment Project which is proposed to be adopted pursuant to the Community Redevelopment Law of the State of California (Health and Safety Code Section 33000 et seq.).

H. [§208] Residential Tenant

"Residential Tenant" means any person who presents satisfactory evidence of lawful rental and occupancy, as his/her principal place of residence, of a residential dwelling located within NSTI.

III. [§300] VOTER AND CANDIDATE ELIGIBILITY

A. [§301] General Eligibility Requirements

In order to qualify to vote in the CAB election, or be a candidate for election for the two (2) at large Residential Tenants seats or the two (2) Low and Moderate Income Residential Tenants seats, a person must present proof that he or she is at least 18 years of age or older, permanently resides within NSTI, and has done so for at least the past thirty (30) days. Proof of voter eligibility shall be by voter affidavit given at the time of voting. Evidence of eligibility, consisting of (i) a California driver's license or California identification card or similar evidence and (ii) such other evidence of their current residential tenancy satisfactory to the Department such as a rental agreement within NSTI, copies of rent receipts, utility bills, or any similar documentation. Residents whose names do not appear on the lease or rent receipt

Exhibit C

may verify their status by declaration, provided that they provide personal identification documenting their address.

B. [§302] Required Proofs for Low and Moderate Income Residential Tenant Category

In addition to the proof required by Section 301 above, persons seeking to prove their eligibility for election under the Low and Moderate Income Residential Tenant category must present proof that he or she meets the State's income limits for low and moderate income households as published by the California Department of Housing and Community Development. Proof of eligibility shall be in the form of the candidacy filing affidavit of eligibility for Low and Moderate Income Residential Tenants at the time of candidacy filing.

D. [§304] Multiple Eligibility Categories

A person who is eligible for election in both the at large Residential Tenant category and the Low and Moderate Income Residential Tenant category shall be entitled to be a candidate in only one membership category selected by such person, regardless of the number of conditions which otherwise provide the basis for category eligibility.

IV. [§400] VOTER REGISTRATION

Prior to voting, any person desiring to vote must register in person with Department staff by filling out and submitting to the Department a "Voter Registration Affidavit of Eligibility" under penalty of perjury (**Attachment No. 2** to these CAB Election Procedures). Registration shall also be permitted on the day of the election. Disabled persons who wish to cast absentee ballots pursuant to Section 704 shall register in person in advance, or, upon request, shall be registered at their place of residence by a deputy registrar appointed by the Department. Deputy registrars shall require the voter to execute the Voter Registration Affidavit required under this Article IV and examine the evidence of eligibility required by Article III, above.

V. [§500] CANDIDATE FILING/STATEMENTS

Prior to the election, any person desiring to run for election to the CAB must fill out and file with the Department the "Candidacy Filing Affidavit of Eligibility" (**Attachment No. 3** to these CAB Election Procedures) and such other documentation as is required under Article III above. Candidate filings shall be open for at least a three (3) week period and may be made at the pre-election meeting described in Article VI, below, or may be otherwise submitted to the Department; provided, however, that only candidates who file their Candidacy Filing Affidavit of Eligibility at least three (3) weeks prior to the election shall be assured of appearing on the printed ballots.

Any person eligible to be a candidate in more than one membership category must choose one category only for which to run.

Exhibit C

All candidates may submit appropriate election statements, in the format attached to the Candidacy Filing Affidavit of Eligibility (**Attachment No. 3** to these CAB Election Procedures) which shall be made available to the public by the Department immediately prior to the start of the election. Candidate statements, as submitted, may be reproduced and/or enlarged by Department staff, but shall not otherwise be altered.

VI. [§600] NOTICE OF ELECTION AND PRE-ELECTION INFORMATIONAL MEETING

A. [§601] Notice Requirements

At least ten (10) days prior to a scheduled pre-election meeting, a notice specifying the date, times and places of the election and the pre-election informational meeting and describing NSTI (in text or by diagram) and the purpose of the meeting shall be published once in a newspaper of general circulation within the City and, to the extent mailing addresses are obtainable at a reasonable cost, shall be mailed to all residential tenants of NSTI. The Department shall be responsible for compiling a mailing list and shall make a good faith effort to obtain mailing addresses for all residents at a reasonable cost. The notices shall be mailed by first-class mail, but may be addressed to Occupant. In lieu of mailing and publishing separate notices for the pre-election meeting required in connection with the election, the Department may provide a single combined notice setting forth all the dates, times and locations of the pre-election meeting and the election; provided, however, that at least one such notice shall publicize the opportunity to serve on the CAB and be sent at least thirty (30) days prior to the election.

In addition, the Department may post notices, distribute flyers or undertake such other actions as it deems necessary or advisable in order to further inform Residential Tenants and Low and Moderate Income Residential Tenants of the opportunity to serve and be elected to the CAB.

B. [§602] Pre-Election Informational Meeting

The Authority and the Department shall conduct at least one (1) public meeting in NSTI to explain the election process, distribute Candidacy Filing Affidavits of Eligibility and Voter Registration Affidavits and answer any questions pertaining to eligibility requirements for candidates, the scheduled date, time and location of the election and similar matters. During the pre-election informational meeting, the Department shall accept Candidacy Filing Affidavits of Eligibility and Voter Registration Affidavits, and shall distribute copies of the following:

- a. The CAB Bylaws;
- b. These CAB Election Procedures;
- c. The Amended Preliminary Plan for the Treasure Island/Yerba Buena Island Redevelopment Project Area, or if the Amended

Exhibit C

Preliminary Plan has not yet been adopted by the City's Planning Commission, a copy of the most recent draft;

- g. A current copy of the State's income limits for low and moderate income households as published by the California Department of Housing and Community Development; and
- i. Any other information the Authority and the Department determines would be useful.

The Authority and the Department shall briefly describe these CAB Election Procedures, the proposed Project, the role of the CAB in connection therewith, and the eligibility to serve on and required composition and size of the membership of the CAB.

VII. [§700] ELECTION

A. [§701] Time of Election

The election of Residential Tenants shall be held and seats filled no later than sixty (60) days prior to the adoption of the Redevelopment Plan for Naval Station Treasure Island. The election shall be held at one or more voting sites in NSTI, and may be held on one or more days, all to be determined by the Authority and the Department.

B. [§702] Representatives to be Elected

The CAB shall include two (2) specific slots each for elected representatives from the at large Residential Tenants category and the Low and Moderate Income Residential Tenants category as set forth above, for a total of four (4) specific slots for NSTI residents.

C. [§703] Balloting

Persons eligible to vote shall be entitled to cast two (2) votes for the at large Residential Tenant category and two (2) votes for the Low and Moderate Income Residential Tenant category. Separate ballots may be provided for at large Residential Tenants and Low and Moderate Income Residential Tenants. Voting shall be conducted by secret ballot. The Department shall make a reasonable effort to ensure private voting.

The tallying of ballots shall be done immediately following the election. No absentee ballots shall be accepted except as provided in Section 704 below.

D. [§704] Voting Procedures for Disabled Persons

Disabled voters who file an affidavit under penalty of perjury at the time of registration stating that a disability prevents them from voting in person at an election site may

Exhibit C

vote by absentee ballot or through another reasonable accommodation arranged by the Department. Upon written request for an absentee ballot from a registered disabled voter who provided such an affidavit, the Department shall send a ballot by mail together with a voter certification, both of which the voter shall return by mail or deliver to the Department. No absentee ballot shall be counted without a signed voter certification, which in the opinion of the Department matches the signature on the Voter Registration Affidavit of Eligibility. Information about absentee voting for disabled voters shall be included in the notice of election required under Section 601, which shall include an address through which a request for absentee ballot may be submitted.

E. [§705] Results/Runoffs

The Department shall announce the winners of each category of membership as soon as possible after the ballots for each category have been tallied. The two (2) candidates with the highest number of votes in each membership category shall be elected. In the event of a tie for a membership position, the person to be designated for that position shall be selected by lot drawn by the Department at a meeting open to the public.

F. [§706] Challenges

Staff shall retain all ballots and election results for presentation to the Department in the event of any potential challenges. Any challenge to the election of any member to the CAB must be made in writing and filed with the Department within *five (5)* days after the election. Staff shall conduct an investigation into the merits of the challenge, correct any errors if necessary and present findings on the validity of the challenge to the Department. Final validity of all challenges shall be determined by the Department within thirty (30) days after the election.

G. [§707] Confirmation of Residential Tenants CAB Members

After the election of CAB members, staff shall report the results to the Authority Board. Following receipt of the election results and expiration of the *five (5)* day challenge period, or resolution of any challenges, the Authority shall announce the results of the election and the names of all the newly elected CAB members.

IX. [§900] VACANCIES

Vacancies in CAB membership shall be filled according to the CAB's adopted Bylaws.

X. [§1000] IMPLEMENTATION

The Authority and the Department are authorized to undertake all actions necessary or appropriate to implement these CAB Election Procedures, including the promulgation of

Exhibit C

implementing rules not inconsistent with these CAB Election Procedures, the CAB's adopted Bylaws, and applicable law.

Exhibit C

ATTACHMENT NO. 1

**Treasure Island Development Authority
Treasure Island / Yerba Buena Island
Citizens Advisory Board (CAB) Election – 2008**

SAMPLE BALLOT
RESIDENTIAL TENANT

Please choose no more than TWO (2) of the following:

- | | |
|--------------------------------------|--------------------------------------|
| ☐ Candidate 1 | ☐ Candidate 4 |
| ☐ Candidate 2 | ☐ Candidate 5 |
| ☐ Candidate 3 | ☐ Candidate 6 |

SAMPLE BALLOT
LOW AND MODERATE INCOME
RESIDENTIAL TENANT

Please choose no more than TWO (2) of the following:

- | | |
|--------------------------------------|--------------------------------------|
| ☐ Candidate 1 | ☐ Candidate 4 |
| ☐ Candidate 2 | ☐ Candidate 5 |
| ☐ Candidate 3 | ☐ Candidate 6 |

**Treasure Island Development Authority
Treasure Island / Yerba Buena Island
Citizens Advisory Board (CAB) Election – 2008**

VOTER REGISTRATION AFFIDAVIT OF ELIGIBILITY
FOR RESIDENTIAL TENANTS

Please Print or Type

I, _____, certify that I am at least 18 years of age, I am a Residential Tenant living at _____, within the selected boundaries of Naval Station Treasure Island, and I am eligible to vote in the CAB election. **I declare under penalty of perjury that the above is true and correct:**

Name (please print)

Signature

Date

Daytime Phone Number

Email

This form must be accompanied by the proof required by Section 301 of the Procedures for the Election of Existing Residents to the Treasure Island/Yerba Buena Island Citizens Advisory Board.

This form must be mailed or hand delivered, with an attached photocopy of the proof required above, to the following location:

Department of Elections

San Francisco, CA _____

Exhibit C

It must be received no later than 5:00 pm on _____, _____, 2008 or hand delivered on Election Day, to the polling place.

For questions, please contact the Department of Elections at _____.

Treasure Island Development Authority
Treasure Island / Yerba Buena Island
Citizens Advisory Board (CAB) Election – 2008

CANDIDACY FILING AFFIDAVIT OF ELIGIBILITY
FOR RESIDENTIAL TENANTS AND LOW AND
MODERATE INCOME RESIDENTIAL TENANTS

Please Print or Type

I, _____, volunteer to run for election to the Treasure Island / Yerba Buena Island Citizens Advisory Board. I certify that I am at least 18 years of age and that, within the selected boundaries of NSTI, I am eligible to be a candidate and seek to be elected as a representative in the following category (*please check only one category*):

Residential Tenant Representatives:

☐ **At Large Residential Tenants (2 seats)**

I am a Residential Tenant living at _____.

☐ **Low and Moderate Income Residential Tenants (2 seats)**

I am a Low and Moderate Income Residential Tenant living at _____.

Exhibit C

I declare under penalty of perjury that the above is true and correct:

Name (please print)

Signature

Date

Daytime Phone Number

Email

This form, along with an Election Statement of 100 words or less, must be received no later than 5:00 pm on _____, _____, 2008 and must be accompanied by a certified Voter Registration Affidavit of Eligibility for Residential Tenants for the Treasure Island / Yerba Buena Island Citizens Advisory Board 2008 Election.

This form must be mailed or hand delivered to the following location:

Department of Elections

San Francisco, CA _____

For questions, please contact the Department of Elections at _____.

Exhibit C

ELECTION STATEMENT. Please describe your prior experience in community affairs and/or your other qualifications to serve on the Citizens Advisory Board in a *maximum of 100 words* (attach additional sheet if necessary). This statement will be provided for distribution at the CAB election if received no later than 5:00 pm on _____, _____, 2008.

Please Print or Type

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.

ATTACHMENT NO. 4

Treasure Island Development Authority
Treasure Island / Yerba Buena Island
Citizens Advisory Board (CAB) Election – 2008

BYLAWS OF THE
THE TREASURE ISLAND/YERBA BUENA ISLAND
CITIZENS ADVISORY BOARD

[To Be Inserted]





AGENDA ITEM 8H
Treasure Island Development Authority
City and County of San Francisco
Meeting of October 22, 2008

Subject: Resolution Approving and Authorizing the Execution of a Sublease with The San Francisco Gaelic Athletic Association for approximately 25,878 square feet of space located at Building 202, Treasure Island

Contact Richard A. Rovetti, Deputy Director of Real Estate

Phone 415-274-3365

BACKGROUND

The San Francisco Gaelic Athletic Association, a California non-profit corporation (hereafter referred to as "SFGAA"), provides training for San Francisco youth and residents in team sports. The mission of the SFGAA is to expand the reach of Irish sports and to foster regional and local sports competitions, and to train San Francisco youth and residents in the sport under the umbrella of SFGAA.

The SFGAA is requesting to improve and renovate Building 202 on Treasure Island, comprising of approximately 25,878 square feet of interior space. This site is directly adjacent to SFGAA's newly developed athletic fields located between Avenues I and E and 11th and 13th Streets, Treasure Island. SFGAA will completely remodel the interior of the building including creating a shower facility, locker rooms, offices and meeting rooms, as well as repainting the entire exterior of the building. In consideration for Subtenant's use of the Premises, Subtenant shall be required to renovate and/or maintain the Premises to a useable condition by constructing any necessary alterations to the Premises and maintaining the Premises, including, without limitation, repairing the roof, repainting the exterior and interior, restoring electrical supply and renovating restroom facilities. All improvements and alterations will be subject to the Authority's prior written approval based on plans and specifications provided by SFGAA.

Under the proposed Sublease, SFGAA is requesting a month-to-month term commencing on October 23, 2008 for approximately 25,878 square feet of space located at Building 202, Treasure Island.

SUBLEASE TERMS AND CONDITIONS

SFGAA will sign the Authority's standard form Sublease document. The salient terms and conditions of the proposed Sublease include the following:

Premises: Approximately 25,878 square feet of space located at Building 202

Location: Building 202

Commencement Date: October 23 2008

Lease Expiration

Date:

November 30, 2009

Lease Term:

Month-to-Month

Base Rent:

The Premises will be provided to the Subtenant at no Base Rent for the approximately fourteen month Term in consideration of the Subtenant's obligation to assume all responsibility for development, maintenance, and repairs to the Premises, and provide a public benefit to the community by reaching out to Treasure Island residents to introduce them to Gaelic football by making facilities, training and athletic events available to the Treasure Island community at no cost.

Use:

General office, meeting space, clubhouse, lockers and showers and support facilities for the athletic field located on Treasure Island. Subtenant may conduct food and beverage service in support of their meetings and activities, provided such service is in accordance with all applicable laws and the provisions of the Sublease and the Master Lease, and further provided that any service of alcoholic beverages to Subtenant's members and guests at club functions is subject to the additional requirements that Subtenant obtain the appropriate license from the California Department of Alcoholic Beverage Control, that no alcoholic beverages are served to the general public and there are no retail sales of alcoholic beverages. Subtenant shall not sublease or otherwise rent out the Premises to third parties for meetings or other activities without the prior written approval of Sublandlord, which approval Sublandlord may grant or withhold at Sublandlord's sole and absolute discretion. No sale of tobacco or tobacco related products shall be permitted.

Security Deposit:

\$1,000.00

PROPOSED MONTHLY BASE RENT

Under the Authority's Interim Subleasing Policy, the Minimum Rental Rate Schedule sets ranges of minimum sublease rental rates per square foot by type of use and facility for office and industrial space. Authority Staff reviews and analyzes available commercial data including market comparables of properties similarly situated to the Authority properties and evaluates the Authority transactions over the past 12 months to establish fair market value. The Authority Board last approved the Minimum Rental Rate Schedule in July 2007, by Resolution No. 07-54-07/11. However, when the appraisal was conducted, Building 202 was excluded from the properties being appraised because the poor condition of the building rendered it as having no economic value.

Authority Staff and SFGAA have negotiated a new Sublease with no Base Rent in consideration

of SFGAA's obligation to assume all responsibility for development, maintenance, and repairs to the Premises, and provide a public benefit to the community by reaching out to Treasure Island residents to introduce them to Gaelic football by making facilities, training and athletic events available to the Treasure Island community at no cost. Although a rental rate for this property has not been established, Authority staff believes the public and community benefits along with the building improvements represents fair market value for Building 202 at this time.

SF Fog, San Francisco Little League, and SFGG Rugby Foundation are provided field space on Treasure Island at no base rent, subject to the condition that the clubs assume all responsibility for maintenance and repairs and contribute to the community by reaching out to Treasure Island residents to introduce them to the sport and by making facilities, training and athletic events available to the Treasure Island community for free. SFGAA offers to provide the same benefits to the Treasure Island community.

FINANCIAL IMPACT

Neither revenue, nor capital expenditures were budgeted for the fields for FY 08-09. This transaction will have no impact on the FY 08-09 budget.

RECOMMENDATION

The Authority Staff recommends that the Authority Board of Directors approve the Sublease with the San Francisco Gaelic Athletic Association, Inc., a California non-profit corporation, and authorize the Director of Island Operations or her designee to execute said Sublease for approximately 25,878 square feet of space located at Building 202, Treasure Island, for a month-to-month term and subject to the additional terms and conditions set forth above.

EXHIBIT A – Sublease between the Treasure Island Development Authority and the San Francisco Gaelic Athletic Association, Inc., a California non-profit corporation

Prepared by: Richard A. Rovetti, Deputy Director of Real Estate
For: Mirian Saez, Director of Island Operations

[Sublease with San Francisco Gaelic Athletic Association]

Resolution Approving and Authorizing the Execution of a Sublease with The San Francisco Gaelic Athletic Association for approximately 25,878 square feet of space located at Building 202, Treasure Island.

WHEREAS, Former Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United States of America, acting by and through the Department of the Navy (the "Navy"); and,

WHEREAS, The Base was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, The San Francisco Gaelic Athletic Association, Inc., a California non-profit corporation (hereafter referred to as "SFGAA") is requesting a month-to-month Sublease for approximately 25,878 square feet of space located at Building 202, Treasure Island commencing on October 9, 2008; and,

WHEREAS, The mission of the SFGAA is to expand the reach of Irish sports and to foster regional and local sports competitions, and to train San Francisco youth and residents in the sport under the umbrella of SFGAA; and,

WHEREAS, The SFGAA will assume all responsibility for development, maintenance, and repairs to the building and provide a public benefit to the community by reaching out to Treasure Island residents to introduce them to the sport by making facilities, training and athletic events available to the Treasure Island community at no cost; and,

WHEREAS, Although the Authority will receive no monthly base rent for this Sublease, Authority staff believes the public and community benefits and capital improvements that SFGAA will make to this building represent fair market value for this Sublease at this time; now, therefore, be it

RESOLVED, That the Board of Directors hereby approves the Sublease to SFGAA of approximately 25,878 square feet of space located at Building 202 and authorizes the Director of Island Operations or her designee to execute said Sublease in substantially the form attached hereto as Exhibit A; and be it

FURTHER RESOLVED, That the Board of Directors hereby finds that (i) entering into the Sublease will serve the goals of the Authority and the public interests of the City, and (ii) the terms and conditions of the Sublease are economically reasonable; and be it

FURTHER RESOLVED, That SFGAA will assume all responsibility for maintenance and repairs to the building and that SFGAA will conduct outreach to the Treasure Island community to introduce them to the sport of Irish Football by making the facility, training and athletic events available to the Treasure Island community for free; and be it

FURTHER RESOLVED, That Building 202 will be provided to the SFGAA at no cost for the approximately fourteen month term of the Sublease in consideration of SFGAA's obligations to improve, renovate, and maintain the facility and to provide outreach to the Treasure Island community in accordance with the terms of the Sublease; and be it

FURTHER RESOLVED, That the Board of Directors hereby authorizes the Director of Island Operations to enter into any additions, amendments or other modifications to the

Sublease that the Director of Island Operations determines in consultation with the City Attorney are in the best interests of the Authority, that do not materially increase the obligations or liabilities of the Authority, that do not materially reduce the rights of the Authority, and are necessary or advisable to complete the preparation and approval of the Sublease, such determination to be conclusively evidenced by the execution and delivery by the Director of Island Operations of the documents and any amendments thereto.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on October 8, 2008.

John Elberling, Secretary



ITEM 8H EXHIBIT A

SUBLEASE No. 84

between

TREASURE ISLAND DEVELOPMENT AUTHORITY

as Sublandlord

and

SAN FRANCISCO GAELIC ATHLETIC ASSOCIATION,
a California nonprofit corporation

as Subtenant

For the Sublease of

Building 202
at
850 Avenue H

Treasure Island Naval Station
San Francisco, California

October 23, 2008

TREASURE ISLAND SUBLEASE

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LIST OF EXHIBITS:

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EXHIBIT B – Diagram of Premises
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ADDENDUM TO SUBLEASE

TREASURE ISLAND SUBLEASE

THIS SUBLEASE (the "Sublease"), dated for reference purposes only as of October 23, 2008, is by and between the TREASURE ISLAND DEVELOPMENT AUTHORITY, a California public benefit corporation ("Sublandlord"), and SAN FRANCISCO GAELIC ATHLETIC ASSOCIATION, a California nonprofit corporation ("Subtenant"). From time to time, Sublandlord and Subtenant together shall be referred to herein as the "Parties".

This Sublease is made with reference to the following facts and circumstances:

A. The United States of America, acting by and through the Department of Navy ("Master Landlord") and Sublandlord entered into a lease dated November 19, 1998, as amended from time to time (the "Master Lease"), a copy of which is attached hereto as Exhibit A. Under the Master Lease, the Master Landlord leased to Sublandlord certain real property located on Treasure Island Naval Station (the "Property"), as more particularly described in the Master Lease.

B. Subtenant desires to sublet from Sublandlord, and Sublandlord is willing to sublet to Subtenant, a portion of the Property on the terms and conditions contained in this Sublease.

NOW THEREFORE, Sublandlord and Subtenant hereby agree as follows:

1. BASIC SUBLEASE INFORMATION

The following is a summary of basic sublease information (the "Basic Sublease Information"). Each item below shall be deemed to incorporate all of the terms of this Sublease pertaining to such item. In the event of any conflict between the information in this Section and any more specific provision of this Sublease, the more specific provision shall control.

Sublease Reference Date: October 23, 2008

Sublandlord: TREASURE ISLAND DEVELOPMENT
AUTHORITY, a California public benefit
corporation

Subtenant: SAN FRANCISCO GAELIC ATHLETIC
ASSOCIATION, a California nonprofit
corporation

Subleased Premises (Section 2.1):	Approximately 25,878 square feet of space located at Building 202, Treasure Island, San Francisco, CA. as more particularly shown on <u>Exhibit B</u> , attached hereto.
Facility:	Building 202
Term: (Section 4.1):	Commencement date: October 23, 2008 Expiration date: November 30, 2009
	Notwithstanding anything in this Sublease to the contrary, either Sublandlord or Subtenant, in its sole discretion, may terminate this Sublease for any reason upon delivery of not less than thirty (30) days' prior written notice to the other party.
Base Rent (Sections 5.1 and Addendum Section 5.6):	The Premises will be provided to the Subtenant at no Base Rent in consideration of the Subtenant's obligation to assume all responsibility for development, maintenance, and repairs to the Premises in accordance with Addendum Section 5.6, and provide a public benefit to the community by reaching out to Treasure Island residents to introduce them to Gaelic football by making facilities, training and athletic events available to the Treasure Island community at no cost.
Rent Adjustment Date(s) (Section 5.2):	Not Applicable
Rent Increase Percentage (Section 5.2):	Not Applicable
Use (Section 7.1):	See Addendum
Repair Amount (Section 13.1):	Ten Thousand Dollars (\$10,000)
Security Deposit (Section 19.3):	One Thousand Dollars (\$1,000.00)

Notice Address of Sublandlord (Section 21.1): Treasure Island Development Authority
Treasure Island Project Office
410 Avenue of Palms
Building 1, 2nd Floor
Treasure Island
San Francisco, CA 94130
Attn: Mirian Saez
Director of Island Operations
Fax No.: 415-274-0299

with a copy to:

Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Attn: Eileen M. Malley
Fax No.: (415) 554-4755

Notice Address of Subtenant (Section 21.1): San Francisco Gaelic Athletic Association
340 Mirimar Avenue
San Francisco, CA 94112
Attn: John O'Flynn
Phone No. (415) 239-8452

Notice Address of Master Landlord (Section 21.1): Department of The Navy
Base Realignment and Closure
Program Management Office West
1455 Frazee Road, Suite 900
San Diego, CA 92108-4310
Fax #: (619) 532-9858

Other Noteworthy Provisions (Addendum Consideration for Sublease and Permitted Use
Sections 5.6 and 7.1(a))

2. PREMISES

2.1. **Subleased Premises.** Subject to the terms, covenants and conditions of this Sublease, Sublandlord subleases to Subtenant the Premises. Subtenant shall have the non-exclusive right to use, together with other subtenants in the Facility, the lobbies, corridors, elevators, stairways and other public areas of the Facility and the Property (collectively, the "Common Areas"), and the non-exclusive right of access to and from the Premises by the main entrances to the Facility

and the Property.

In the event Subtenant uses or occupies space outside the Premises without the prior written consent of Sublandlord (the "Encroachment Area"), then upon written notice from Sublandlord ("Notice to Vacate"), Subtenant shall immediately vacate such Encroachment Area and pay as additional rent for each day Subtenant used, occupied, uses or occupies such Encroachment Area, an amount equal to the rentable square footage of the Encroachment Area, multiplied by the higher of the (a) highest rental rate then approved by Sublandlord's Board of Directors for the Premises or the Facility, or (b) then current fair market rent for such Encroachment Area, as reasonably determined by Sublandlord (the "Encroachment Area Charge"). If Subtenant uses or occupies such Encroachment Area for a fractional month, then the Encroachment Area Charge for such period shall be prorated based on a thirty (30) day month. In no event shall acceptance by Sublandlord of the Encroachment Area Charge be deemed a consent by Sublandlord to the use or occupancy of the Encroachment Area by Subtenant or a waiver (or be deemed as waiver) by Sublandlord of any and all other rights and remedies of Sublandlord under this Sublease (including Subtenant's obligation to indemnify, defend and hold Sublandlord harmless as set forth in the last paragraph of this Section 2.1), at law or in equity.

In addition to the foregoing amount, Subtenant shall pay to Sublandlord, as additional rent, an amount equaling Two Hundred Dollars (\$200.00) upon delivery of the initial Notice to Vacate plus the actual cost associated with a survey of the Encroachment Area. In the event Sublandlord determines during subsequent inspection(s) that Subtenant has failed to vacate the Encroachment Area, then Subtenant shall pay to Sublandlord, as additional rent, an amount equaling Three Hundred Dollars (\$300.00) for each additional Notice to Vacate, if applicable, delivered by Sublandlord to Subtenant following each inspection. The parties agree that the charges associated with each inspection of the Encroachment Area, delivery of each Notice to Vacate and survey of the Encroachment Area represent a fair and reasonable estimate of the administrative cost and expense which Sublandlord will incur by reason of Sublandlord's inspection of the Premises, issuance of each Notice to Vacate and survey of the Encroachment Area. Subtenant's failure to comply with the applicable Notice to Vacate and Sublandlord's right to impose the foregoing charges shall be in addition to and not in lieu of any and all other rights and remedies of Sublandlord under this Sublease, at law or in equity. The amounts set forth in this Section 2.1 shall be due within three (3) business days following the applicable Notice to Vacate and/or separate invoice relating to the actual cost associated with a survey of the Encroachment Area.

In addition to the rights and remedies of Sublandlord as set forth in the immediately foregoing two paragraphs of this Section 2.1, the terms and conditions of the indemnity and exculpation provision set forth in Section 16 below shall also apply to Subtenant's use and occupancy of the Encroachment Area as if the Premises originally included the Encroachment Area, and Subtenant shall additionally indemnify, defend and hold Sublandlord harmless from and against any and all loss or liability resulting from delay by Subtenant in so surrendering the Encroachment Area including, without limitation, any loss or liability resulting from any claims

against Sublandlord made by any tenant or prospective tenant founded on or resulting from such delay and losses to Sublandlord due to lost opportunities to lease any portion of the Encroachment Area to any such tenant or prospective tenant, together with, in each case, actual attorneys' fees and costs.

By placing their initials below, each party specifically confirms the accuracy of the statements made in this Section 2.1 and the reasonableness of the amount of the charges described in this Section 2.1.

Initials: _____ Sublandlord _____ Subtenant

2.2. As Is Condition of Premises.

(a) **Inspection of Premises.** Subtenant represents and warrants that Subtenant has conducted a thorough and diligent inspection and investigation, either independently or through its officers, directors, employees, agents, affiliates, subsidiaries, licensees and contractors, and their respective heirs, legal representatives, successors and assigns, and each of them ("Subtenant's Agents"), of the Premises and the suitability of the Premises for Subtenant's intended use. Subtenant is fully aware of the needs of its operations and has determined, based solely on its own investigation, that the Premises are suitable for its operations and intended uses. As part of its inspection of the Premises, Subtenant acknowledges its receipt and review of the Seismic Report referenced in Section 2.2(c) below and the Joint Inspection Report referenced in Section 6 of the Master Lease.

(b) **As Is; Disclaimer of Representations.** Subtenant acknowledges and agrees that the Premises are being subleased and accepted in their "AS IS, WITH ALL FAULTS" condition, without representation or warranty of any kind, and subject to all applicable laws, statutes, ordinances, resolutions, regulations, proclamations, orders or decrees of any municipal, county, state or federal government or other governmental or regulatory authority with jurisdiction over the Premises, or any portion thereof, whether currently in effect or adopted in the future and whether or not in the contemplation of the Parties, including without limitation the orders and citations of any regulatory authority with jurisdiction over life and safety issues concerning the Premises governing the use, occupancy, management, operation and possession of the Premises ("Laws"). Without limiting the foregoing, this Sublease is made subject to any and all covenants, conditions, restrictions, easements and other title matters affecting the Premises, or any portion thereof, whether or not of record. Subtenant acknowledges and agrees that neither Sublandlord, the City and County of San Francisco ("City"), nor any of their respective officers, directors, employees, agents, affiliates, subsidiaries, licensees or contractors, or their respective heirs, legal representatives, successors and assigns ("Sublandlord's Agents") have made, and Sublandlord hereby disclaims, any representations or warranties, express or implied, concerning (i) title or survey matters affecting the Premises, (ii) the physical, geological, seismological or environmental condition of the Premises, including, without limitation, the matters described in the Seismic Report (as defined below), (iii) the quality, nature or adequacy of any utilities serving

the Premises, (iv) the feasibility, cost or legality of constructing any Alterations on the Premises if required for Subtenant's use and permitted under this Sublease, (v) the safety of the Premises, whether for the use by Subtenant or any other person, including Subtenant's Agents or Subtenant's clients, customers, vendors, invitees, guests, members, licensees, assignees or subtenants ("Subtenant's Invitees"), or (vi) any other matter whatsoever relating to the Premises or their use, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose.

(c) **Seismic Report.** Without limiting Section 2.2(b) above, Subtenant expressly acknowledges for itself and Subtenant's Agents that it received and read that certain report dated August 1995, entitled "*Treasure Island Reuse Plan: Physical Characteristics, Building and Infrastructure Conditions*," prepared for the Office of Military Base Conversion, Department of City Planning, and the Redevelopment Agency of the City and County of San Francisco (the "Seismic Report"), a copy of the cover page of which is attached hereto as Exhibit C. Subtenant has had an adequate opportunity to review the Seismic Report with expert consultants of its own choosing. The Seismic Report, among other matters, describes the conditions of the soils of the Property and points out that in the area of the Property where the Premises are located, an earthquake of magnitude 7 or greater is likely to cause the ground under and around the Premises to spread laterally to a distance of ten (10) or more feet and/or result in other risks. In that event, there is a significant risk that any structures or improvements located on or about the Premises, may fail structurally and collapse.

3. COMPLIANCE WITH MASTER LEASE

3.1. **Incorporation by Reference.** All of the terms and conditions of the Master Lease are hereby incorporated by reference into this Sublease as if fully set forth herein.

3.2. **Performance of Master Landlord's Obligations.** Sublandlord does not assume the obligations of Master Landlord under the Master Lease. With respect to work, services, repairs, restoration, the provision of utilities or HVAC services, or the performance of any other obligations required of Master Landlord under the Master Lease, Sublandlord's sole obligation with respect thereto shall be to request the same, on request in writing by Subtenant, and to use reasonable efforts to obtain the same from Master Landlord. Subtenant shall cooperate with Sublandlord as may be required to obtain from Master Landlord any such work, services, repairs, repainting, restoration, the provision of utilities or HVAC services, or the performance of any of Master Landlord's obligations under the Master Lease.

3.3. **Conflict.** If any of the provisions of this Sublease conflict with any portion of the Master Lease as incorporated herein, then the terms of the Master Lease shall govern.

3.4. **Compliance with Master Lease.** Subtenant shall not do or permit to be done anything which would constitute a violation or a breach of any of the terms, conditions or provisions of the Master Lease or which would cause the Master Lease to be terminated or forfeited by virtue of

any rights of termination reserved by or vested in the Master Landlord.

4. TERM

4.1. **Term of Sublease.** The term of this Sublease (the "Term") shall commence on the Commencement Date set forth in the Basic Sublease Information, and expire on the Expiration Date set forth in the Basic Sublease Information, unless sooner terminated pursuant to the terms of this Sublease.

4.2. **Effective Date.** This Sublease shall become effective on the date (the "Effective Date") upon the later of (i) the Parties' execution and delivery of this Sublease, (ii) Sublandlord's Board of Director's approval of this Sublease at a duly noticed meeting, if such approval is required, or (iii) the Commencement Date.

4.3. **Automatic Termination.** If the Master Lease terminates for any reason whatsoever, this Sublease shall automatically terminate and the Parties shall thereafter be relieved from all liabilities and obligations under this Sublease, except for liabilities and obligations which expressly survive termination of this Sublease. Subtenant acknowledges and agrees that it has reviewed the Master Lease, is aware of the circumstances upon which the Master Lease may be terminated and hereby assumes all risks associated with the automatic termination of this Sublease because of the termination of the Master Lease.

4.4. **Termination by Sublandlord.** Subtenant's period of occupancy of the Premises is subject to Sublandlord's right to terminate this Sublease as provided herein at such time as Sublandlord determines, in its sole discretion, that the Premises are needed in connection with a Sublandlord program or project. As used herein, "Sublandlord program or project" shall mean any development or renovation, by public and/or private parties, of the building or land in or on which the Premises are located. In the event of any such development or renovation, Sublandlord shall have the right to terminate this Sublease without liability or expense upon delivery to Subtenant of thirty (30) days prior written notice of such termination. Subtenant agrees and shall be required to surrender possession of the Premises by the end of such thirty (30) day period.

4.5. **No Relocation Assistance; Waiver of Claims.** Subtenant acknowledges that it will not be a displaced person as that term is defined under the California Government Code Section 7260 et seq. ("California Relocation Act") and the Uniform Relocation Assistance and Real Property Policies Act, 42 U.S. C. 4601 et seq. ("URA"), and that Subtenant will not be entitled to any relocation benefits provided under the California Relocation Act and the URA, including any moving expenses, reimbursement for costs associated with increased rent, loss of goodwill or other costs related to the termination of Subtenant's Lease and Subtenant's relocation from the Premises. Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims against, and covenants not to sue, Sublandlord, its departments, commissions, officers,

directors and employees, agents, contractors and successors and assigns and all persons acting by, through or under each of them, under any laws, including, without limitation, any and all claims for relocation benefits or assistance from Sublandlord under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260, et seq., and the Uniform Relocation Assistance and Real Property Acquisition Policies Act, 42 U.S.C. 4601, et seq.).

Initials: _____ Subtenant

5. RENT

5.1. Base Rent. Throughout the Term, beginning on the Commencement Date, Subtenant shall pay to Sublandlord Base Rent in the amount set forth in the Basic Sublease Information. Base Rent shall be paid to Sublandlord without prior demand and without any deduction, setoff, or counterclaim whatsoever. Base Rent shall be payable on or before the first day of each month, in advance, at the Notice Address of Sublandlord provided in Section 21.1 hereof or such other place as Sublandlord may designate in writing. If the Commencement Date occurs on a date other than the first day of a calendar month, or the Sublease terminates on a day other than the last day of a calendar month, then the monthly payment of Base Rent for such fractional month shall be prorated based on a thirty (30) day month.

5.2. Adjustments in Base Rent. If this Sublease has not been terminated, then on each Rent Adjustment Date set forth in the Basic Sublease Information, the Base Rent shall be increased by the Rent Increase Percentage set forth in the Basic Lease Information.

5.3. Additional Charges. In addition to Base Rent, Subtenant shall pay all other charges related to the Premises otherwise payable by Subtenant to Sublandlord hereunder, including, without limitation, all late charges and default interest attributable to late payments and/or defaults of Subtenant hereunder, all utility charges, and any amounts other than Base Rent that shall become due and payable by Subtenant under this Sublease (together, the "Additional Charges"). Together, Base Rent and Additional Charges shall hereinafter be referred to as the "Rent".

5.4. Late Charge. If Subtenant fails to pay any Rent within ten (10) days after the date the same is due and payable, such unpaid amount will be subject to a late payment charge equal to six percent (6%) of the unpaid amount in each instance. The late payment charge has been agreed upon by Sublandlord and Subtenant, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that Sublandlord will incur as a result of any such failure by Subtenant, the actual costs thereof being extremely difficult if not impossible to determine. The late payment charge constitutes liquidated damages to compensate Sublandlord for its damages resulting from such failure to pay and Subtenant shall promptly pay such charge to Sublandlord together with such unpaid amount.

5.5. **Default Interest.** If any Rent is not paid within ten (10) days following the due date, such unpaid amount shall bear interest from the due date until paid at the rate of ten percent (10%) per year. However, interest shall not be payable on late charges incurred by Subtenant nor on any amounts on which late charges are paid by Subtenant to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Subtenant.

6. TAXES, ASSESSMENTS AND OTHER EXPENSES

6.1. **Taxes and Assessments, Licenses, Permit Fees and Liens.**

(a) **Payment Responsibility.** Subtenant shall pay any and all real and personal property taxes, including, but not limited to, possessory interest taxes, general and special assessments, excises, licenses, permit fees and other charges and impositions of every description levied on or assessed against the Premises, any Alterations, Subtenant's Personal Property, or Subtenant's use of the Premises or any Alterations during the Term. Subtenant shall make all such payments directly to the charging authority when due and payable and at least ten (10) days prior to delinquency. However, with respect to real property taxes and assessments levied on or assessed against the Premises for which Sublandlord receives the tax bill directly from the taxing authority, Subtenant shall reimburse Sublandlord for payment of such sums immediately upon demand.

(b) **Taxability of Possessory Interest.** Without limiting the foregoing, Subtenant recognizes and agrees that this Sublease may create a possessory interest subject to property taxation and that Subtenant may be subject to the payment of property taxes levied on such interest.

(c) **No Liens.** Subtenant shall not allow or suffer a lien for any taxes payable by Subtenant hereunder to be imposed upon the Premises or upon any equipment or other property located thereon without discharging the same as soon as practicable, and in no event subsequent to delinquency.

(d) **Reporting Information.** Subtenant agrees to provide such information as Sublandlord may request to enable Sublandlord to comply with any possessory interest tax reporting requirements applicable to this Sublease.

6.2. **Evidence of Payment.** Subtenant shall, upon Sublandlord's request, furnish to Sublandlord within ten (10) days after the date when any charges are due and payable, official receipts of the appropriate taxing authority or other evidence reasonably satisfactory to Sublandlord, evidencing payment thereof.

7. USE; COVENANTS TO PROTECT PREMISES

7.1. **Subtenant's Permitted Use.** Subtenant may use the Premises for the Permitted Use set

forth in the Basic Sublease Information, but for no other purpose without the prior written consent of Sublandlord, which consent may be given or withheld in Sublandlord's sole and absolute discretion.

7.2. Subtenant's Access to the Premises. As provided in Section 30 of the Master Lease, Subtenant shall have access to the Premises on a 24-hours per day, seven days a week basis; provided, however, Subtenant shall coordinate such access with the local representative of Master Landlord.

7.3. Rules and Regulations. Subtenant agrees to adhere to all rules and regulations regarding the Premises attached hereto as Exhibit D, and any additional rules regarding security, ingress, egress, safety and sanitation applicable to the Premises or the Property, as such rules and regulations may be prescribed by Master Landlord or Sublandlord from time to time.

7.4. Easements. This Sublease shall be subject to all outstanding easements and rights-of-way for location of any type of facility over, across, in, and upon the Premises or any portion thereof, and to the right of Master Landlord to grant such additional easements and rights-of-way over, across, in and upon the Premises as Master Landlord shall determine to be in the public interest ("Additional Easements"); provided that, as provided in Section 29 of the Master Lease, Master Landlord shall use its best efforts to minimize any interference with Subtenant's operations hereunder caused by the granting of any such Additional Easements and the granting of such Additional Easements shall be conditioned on the assumption by the grantee thereof of liability to Subtenant for such damages as Subtenant shall suffer for property destroyed or property rendered unusable on account of the grantee's exercise of its rights thereunder. There is hereby reserved to the holders of such Additional Easements as are presently outstanding or which may hereafter be granted, to any workers officially engaged in the construction, installation, maintenance, operation, repair or replacement of facilities located thereon, and to any federal, state or local official engaged in the official inspection thereof, such reasonable rights of ingress and egress over the Premises as shall be necessary for the performance of their duties with regard to such facilities.

7.5. No Interference with Navy Operations. Subtenant shall not conduct operations; nor make any Alterations (as defined below), that would interfere with or otherwise restrict Master Landlord's operations or environmental clean-up or restoration actions by the Master Landlord, Sublandlord, the Environmental Protection Agency, the State of California or their contractors. Environmental clean-up, restoration or testing activities by these Parties shall take priority over Subtenant's use of the Premises in the event of any conflict; provided, however, in such event, Master Landlord and Sublandlord shall use their best efforts to minimize any disruption of Subtenant's operation.

7.6. No Unlawful Uses, Nuisances or Waste. Without limiting the foregoing, Subtenant shall not use, occupy or permit the use or occupancy of any of the Premises in any unlawful manner or for any illegal purpose, or permit any offensive, noisy or hazardous use or any waste

on or about the Premises. Subtenant shall eliminate any nuisances or hazards relating to its activities on or about the Premises. Subtenant shall not conduct any business, place any sales display, or advertise in any manner in areas on or about the Property outside of the Premises.

8. ALTERATIONS

8.1. Alterations. Subtenant shall not construct, install, make or permit to be made any alterations, installations or additions ("Alterations") in, to or about the Premises, without Sublandlord's prior written consent in each instance, which consent may given or withheld in Sublandlord's sole and absolute discretion. Subject to Sublandlord's consent as provided above, any Alterations shall be done at Subtenant's sole expense (i) in strict accordance with plans and specifications approved in advance by Sublandlord in writing, (ii) by duly licensed and bonded contractors or mechanics approved by Sublandlord, (iii) in a good and professional manner, (iv) in strict compliance with all Laws, and (v) subject to all other conditions that Sublandlord may reasonably impose. In no event shall the construction, installation or the making of any Alterations impair the use or operation of the Property, or any portion thereof, or Sublandlord's or Master Landlord's access thereto. Prior to the commencement of any work on the Premises to construct any Alterations, Subtenant, at its sole expense, shall procure all required permits and approvals and shall promptly upon receipt deliver copies of all such documents to Sublandlord. No material change from the plans and specifications for any Alterations approved by Sublandlord may be made without Sublandlord's prior consent. Sublandlord and Sublandlord's Agents shall have the right to inspect the course of construction on the Premises at all times.

8.2. Historic Properties. Without limiting the generality of the foregoing, Subtenant acknowledges and agrees that, pursuant to Section 15 of the Master Lease, no Alterations may be made to any improvements on the Premises (i) which will affect the historic characteristics of the improvements or modify the appearance of the exterior of the improvements without Master Landlord's and Sublandlord's prior written consent, or (ii) if such Alterations would preclude qualifying the improvements for inclusion on the National Register for Historic Places.

8.3. Ownership of Alterations. Any Alterations constructed on or affixed to the Premises by or on behalf of Subtenant pursuant to the terms and limitations of this Section 8 shall be and remain Subtenant's property during the Term. Upon the termination of this Sublease, Subtenant shall remove all such Alterations from the Premises in accordance with the provisions of Section 19 hereof, unless Sublandlord, at its sole option and without limiting any of the provisions of Section 8.1 above, requires that such Alterations remain on the Premises following the expiration or termination of this Sublease.

8.4. Subtenant's Personal Property. All furniture, furnishings and articles of movable personal property and equipment used upon or installed in the Premises by or for the account of Subtenant that can be removed without structural or other material damage to the Premises (all of which are herein called "Subtenant's Personal Property") shall be and remain the property of Subtenant and shall be removed by Subtenant, subject to the provisions of Section 19 hereof.

Subtenant shall be solely responsible for providing any security or other protection of or maintenance to Subtenant's Personal Property.

8.5. **Sublandlord's Alterations.** Sublandlord reserves the right at any time to make alterations, additions, repairs, deletions or improvements to the common areas or any other part of the improvements on the Premises; provided, that any such alterations or additions shall not materially adversely affect the functional utilization of the Premises for the purposes stated herein.

9. REPAIRS AND MAINTENANCE

9.1. **Subtenant Responsible for Maintenance and Repair.** Subtenant assumes full and sole responsibility for the condition, operation, repair and maintenance and management of the Premises from and after the Commencement Date and shall keep the Premises in good condition and repair. Sublandlord shall not be responsible for the performance of any repairs, changes or alterations to the Premises, nor shall Sublandlord be liable for any portion of the cost thereof. Subtenant shall make all repairs and replacements, interior and exterior, structural as well as non-structural, ordinary as well as extraordinary, foreseen and unforeseen, which may be necessary to maintain the Premises at all times in a clean, safe, attractive and sanitary condition and in good order and repair, to Sublandlord's and Master Landlord's reasonable satisfaction, provided, however, that neither Subtenant nor Sublandlord shall be required to make structural repairs or Alterations to correct conditions affecting the Premises existing prior to the Commencement Date. If any portion of the Premises is damaged by any activities conducted by Subtenant or Subtenant's Agents or Subtenant's Invitees hereunder, Subtenant shall immediately, at its sole cost, repair all such damage and restore the Premises to its previous condition.

9.2. **Utilities.** Sublandlord shall provide the basic utilities and services described in the attached Exhibit E (the "Standard Utilities and Services") to the Premises, subject to the terms and conditions contained therein. Subtenant shall be responsible for furnishing, at its sole cost, any utilities or services other than or in excess of the Standard Utilities and Services that Subtenant may need for its use of the Premises. Subtenant shall pay, without set off or counterclaim, all amounts due and owing for such Standard Utilities and Services at the rates provided in and as otherwise set forth in Exhibit E.

9.3. **Landscaping.** Subtenant shall maintain the exterior landscaping of the Premises in good condition and repair.

9.4. **Janitorial Services.** Subtenant shall provide all janitorial services for the Premises.

9.5. **Pest Control.** Subtenant shall provide and pay for all pest control services required within the Premises, and shall keep the Premises free of all pests at all times.

9.6. **Trash.** Subtenant shall deposit all trash into designated containers in the Premises in

compliance with the Rules and Regulations attached hereto as Exhibit D. Subtenant shall pay for the removal of trash from the designated containers. Subtenant shall abide by all rules established by Sublandlord or Master Landlord for the handling of trash.

9.7. No Right to Repair and Deduct. Subtenant expressly waives the benefit of any existing or future Laws or judicial or administrative decision that would otherwise permit Subtenant to make repairs or replacements at Sublandlord's expense, or to terminate this Sublease because of Sublandlord's failure to keep the Premises or any part thereof in good order, condition or repair, or to abate or reduce any of Subtenant's obligations hereunder on account of the Premises or any part thereof being in need of repair or replacement. Without limiting the foregoing, Subtenant expressly waives the provisions of California Civil Code Sections 1932, 1941 and 1942 or any similar Laws with respect to any right of Subtenant to terminate this Sublease and with respect to any obligations of Sublandlord hereunder or any right of Subtenant to make repairs or replacements and deduct the cost thereof from Rent.

10. LIENS

10.1. Liens. Subtenant shall keep the Premises free from any liens arising out of any work performed, material furnished or obligations incurred by or for Subtenant. In the event Subtenant does not, within five (5) days following the imposition of any such lien, cause the lien to be released of record by payment or posting of a proper bond, Sublandlord shall have in addition to all other remedies provided herein and by law or equity the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including, but not limited to, payment of the claim giving rise to such lien. All such sums paid by Sublandlord and all expenses it incurs in connection therewith (including, without limitation, reasonable attorneys' fees) shall be payable to Sublandlord by Subtenant upon demand. Sublandlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law or that Sublandlord deems proper for its protection and protection of the Premises from mechanics' and materialmen's liens. Subtenant shall give Sublandlord at least fifteen (15) days' prior written notice of the commencement of any repair or construction on any of the Premises.

11. COMPLIANCE WITH LAWS

11.1. Compliance with Laws. Subtenant shall promptly, at its sole expense, maintain the Premises and Subtenant's use and operations thereon in strict compliance at all times with all present and future Laws, whether foreseen or unforeseen, ordinary as well as extraordinary; provided, however Subtenant shall not be required to make repairs or structural changes to the Premises required solely to correct conditions affecting the Premises existing prior to the Commencement Date or not related to Subtenant's use of the Premises, unless the requirement for such changes is imposed as a result of any Alterations made or requested to be made by Subtenant. Such Laws shall include, without limitation, all Laws relating to health and safety and disabled accessibility including, without limitation, the Americans with Disabilities Act, 42 U.S.C. §§ 12101 et seq. and Title 24 of the California Code of Regulations, all present and future

Environmental Laws (as defined in this Sublease below), and all applicable provisions of the San Francisco Environment Code. No occurrence or situation arising during the Term, nor any present or future Law, whether foreseen or unforeseen, and however extraordinary, shall give Subtenant any right to seek redress against Sublandlord for failing to comply with any Laws. Subtenant waives any rights now or hereafter conferred upon it by any existing or future Law to compel Sublandlord to make any repairs to comply with any such Laws, on account of any such occurrence or situation.

11.2. Regulatory Approvals.

(a) **Responsible Party.** Subtenant understands and agrees that Subtenant's use of the Premises and construction of any Alterations permitted hereunder may require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises. Subtenant shall be solely responsible for obtaining any and all such regulatory approvals, including without limitation, any liquor permits or approvals. Subtenant shall not seek any regulatory approval without first obtaining the written consent of Sublandlord. Subtenant shall bear all costs associated with applying for, obtaining and maintaining any necessary or appropriate regulatory approval and shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval. Any fines or penalties levied as a result of Subtenant's failure to comply with the terms and conditions of any regulatory approval shall be immediately paid and discharged by Subtenant, and Sublandlord shall have no liability, monetary or otherwise, for any such fines or penalties. Subtenant shall indemnify, protect, defend and hold harmless forever ("Indemnify") Sublandlord, City and Master Landlord, including, but not limited to, all of their respective officers, directors, employees, agents, affiliates, subsidiaries, licensees, contractors, boards, commissions, departments, agencies and other subdivisions and each of the persons acting by, through or under each of them, and their respective heirs, legal representatives, successors and assigns, and each of them (the "Indemnified Parties"), against any and all claims, demands, losses, liabilities, damages, liens, injuries, penalties, fines, lawsuits and other proceedings, judgments and awards and costs and expenses, including, without limitation, reasonable attorneys' and consultants' fees and costs ("Losses") arising in connection with Subtenant's failure to obtain or comply with the terms and conditions of any regulatory approval.

11.3. Compliance with Sublandlord's Risk Management Requirements. Subtenant shall not do anything, or permit anything to be done, in or about the Premises or to any Alterations permitted hereunder that would create any unusual fire risk, and shall take commercially reasonable steps to protect Sublandlord from any potential premises liability. Subtenant shall faithfully observe, at its expense, any and all reasonable requirements of Sublandlord's Risk Manager with respect thereto and with the requirements of any policies of commercial general liability, all risk property or other policies of insurance at any time in force with respect to the Premises and any Alterations as required hereunder.

12. ENCUMBRANCES

12.1. Encumbrance By Subtenant. Notwithstanding anything to the contrary contained in this Sublease, Subtenant shall not under any circumstances whatsoever create any mortgage, deed of trust, assignment of rents, fixture filing, security agreement, or similar security instrument, or other lien or encumbrance or assignment or pledge of an asset as security in any manner against the Premises or Sublandlord's or Subtenant's interest under this Sublease.

13. DAMAGE OR DESTRUCTION

13.1. Damage or Destruction to the Premises. In the case of damage to or destruction of the Premises by earthquake, fire, flood or any other casualty, which (i) is not caused by Subtenant or Subtenant's Agents or Subtenant's Invitees, (ii) is not covered by the insurance described in Section 17 below, (iii) prevents Subtenant from operating the Premises for the purposes stated herein, and (iv) costs more to repair than the Repair amount set forth in the Basic Lease Information, either party may terminate this Sublease upon thirty (30) days prior written notice and upon any such termination Subtenant shall surrender the Premises in accordance with Section 19 (except for damage caused by a casualty pursuant to which this Sublease may be terminated under this Section 13.1) and both Parties shall be relieved of any liability for such termination or for repairing such damage. If neither Party terminates this Sublease as provided in this Section 13.1, then Subtenant shall, at its sole cost, promptly restore, repair, replace or rebuild the Premises to the condition the Premises were in prior to such damage or destruction, subject to any Alterations made in strict accordance with the requirements of Section 8.1 above. Under no circumstances shall Sublandlord have any obligation to repair, replace or rebuild the Premises in the event of a casualty.

13.2. No Abatement in Rent. In the event of any damage or destruction to the Premises, and if neither party terminates this Sublease as provided in Section 13.1 above, there shall be no abatement in the Rent payable hereunder.

13.3. Waiver. The Parties understand and agree that the foregoing provisions of this Section are intended to govern fully the rights and obligations of the Parties in the event of damage or destruction to the Premises or Alterations, and Sublandlord and Subtenant each hereby waives and releases any right to terminate this Sublease in whole or in part under Sections 1932.2 and 1933.4 of the Civil Code of California or under any similar Laws now or hereafter in effect, to the extent such rights are inconsistent with the provisions hereof.

14. ASSIGNMENT AND SUBLETTING

14.1. Restriction on Assignment and Subletting. Subtenant shall not directly or indirectly (including, without limitation, by merger, acquisition or other transfer of any controlling interest in Subtenant), voluntarily or by operation of Law, sell, assign, encumber, pledge, sublease or otherwise transfer any part of its interest in or rights with respect to the Premises, any Alterations or its interest in this Sublease, or permit any portion of the Premises to be occupied by anyone

other than itself, or sublet any portion of the Premises (a "Transfer"), without Sublandlord's prior written consent in each instance, which Sublandlord may grant or withhold in its sole and absolute discretion. Subtenant shall provide Sublandlord with a written notice of its intention to Transfer this Sublease or the Premises, together with a copy of the proposed Transfer agreement at least thirty (30) days prior to the commencement date of the proposed Transfer. Subtenant shall provide Sublandlord with such information regarding the proposed Transfer as Sublandlord may reasonably request.

14.2. **Bonus Rental.** If Sublandlord consents to a Transfer of any of Subtenant's interest in or rights with respect to the Premises pursuant to Section 14.1 above, then one hundred percent (100%) of any rent or other consideration payable to Subtenant in excess of the Base Rent payable hereunder (or the proportionate share thereof applicable to the portion of the Premises that is subject to the Transfer) shall be paid to Sublandlord immediately upon receipt by Subtenant.

15. **DEFAULT; REMEDIES**

15.1. **Events of Default.** Any of the following shall constitute an event of default ("Event of Default") by Subtenant hereunder:

- (a) **Failure to Pay Rent.** Any failure to pay any Rent or any other sums due hereunder, including sums due for utilities, within five (5) days after such sums are due;
- (b) **Covenants, Conditions and Representations.** Any failure to perform or comply with any other covenant, condition or representation made under this Sublease; provided, Subtenant shall have a period of ten (10) days from the date of written notice from Sublandlord of such failure within which to cure such default under this Sublease, or, if such default is not capable of cure within such 10-day period, Subtenant shall have a reasonable period to complete such cure if Subtenant promptly undertakes action to cure such default within such 10-day period and thereafter diligently prosecutes the same to completion and uses its best efforts to complete such cure within sixty (60) days after the receipt of notice of default from Sublandlord;
- (c) **Vacation or Abandonment.** Any abandonment of the Premises for more than fourteen (14) consecutive days;
- (d) **Bankruptcy.** The appointment of a receiver to take possession of all or substantially all of the assets of Subtenant, or an assignment by Subtenant for the benefit of creditors, or any action taken or suffered by Subtenant under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute, whether now existing or hereafter amended or enacted; and
- (e) **Notices of Default.** The delivery to Subtenant of three (3) or more notices of default within any twelve (12) month period, irrespective of whether Subtenant actually cures such

default within the specified time period, may, in the sole and absolute discretion of the Authority, be deemed an incurable breach of this Sublease allowing the Authority to immediately terminate this Sublease without further notice or demand to Subtenant.

15.2. Remedies. Upon the occurrence of an Event of Default by Subtenant, Sublandlord shall have the following rights and remedies in addition to all other rights and remedies available to Sublandlord at Law or in equity:

(a) **Terminate Sublease and Recover Damages.** The rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including, but not limited to, the right to terminate Subtenant's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that Subtenant proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2. Sublandlord's efforts to mitigate the damages caused by Subtenant's breach of this Sublease shall not waive Sublandlord's rights to recover unmitigated damages upon termination.

(b) **Appointment of Receiver.** The right to have a receiver appointed for Subtenant upon application by Sublandlord to take possession of the Premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to Sublandlord pursuant to this Sublease.

15.3. Sublandlord's Right to Cure Subtenant's Defaults. If Subtenant defaults in the performance of any of its obligations under this Sublease, then Sublandlord may at any time thereafter with three (3) days prior written notice (except in the event of an emergency as determined by Sublandlord where prior notice by Sublandlord is impractical), remedy such Event of Default for Subtenant's account and at Subtenant's expense. Subtenant shall pay to Sublandlord, as Additional Charges, promptly upon demand, all sums expended by Sublandlord, or other costs, damages, expenses or liabilities incurred by Sublandlord, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy such Event of Default. Subtenant's obligations under this Section shall survive the termination of this Sublease. Nothing herein shall imply any duty of Sublandlord to do any act that Subtenant is obligated to perform under any provision of this Sublease, and Sublandlord's cure or attempted cure of Subtenant's Event of Default shall not constitute a waiver of Subtenant's Event of Default or any rights or remedies of Sublandlord on account of such Event of Default.

16. RELEASE AND WAIVER OF CLAIMS; INDEMNIFICATION

16.1. Release and Waiver of Claims. Subtenant, on behalf of itself and Subtenant's Agents, covenants and agrees that the Indemnified Parties shall not be responsible for or liable to Subtenant for, and, to the fullest extent allowed by any Laws, Subtenant hereby waives all rights against the Indemnified Parties and releases them from, any and all Losses, including, but not

limited to, incidental and consequential damages, relating to any injury, accident or death of any person or loss or damage to any property, in or about the Premises, from any cause whatsoever, including without limitation, partial or complete collapse of the Premises due to an earthquake or subsidence, except only to the extent such Losses are caused solely by the gross negligence or willful misconduct of the Indemnified Parties. Without limiting the generality of the foregoing:

- (a) Subtenant expressly acknowledges and agrees that the Rent payable hereunder does not take into account any potential liability of the Indemnified Parties for any consequential or incidental damages including, but not limited to, lost profits arising out of disruption to Subtenant's uses hereunder. Sublandlord would not be willing to enter into this Sublease in the absence of a complete waiver of liability for consequential or incidental damages due to the acts or omissions of the Indemnified Parties, and Subtenant expressly assumes the risk with respect thereto. Accordingly, without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action for consequential and incidental damages and covenants not to sue the Indemnified Parties for such damages arising out of this Sublease or the uses authorized hereunder, including, without limitation, any interference with uses conducted by Subtenant pursuant to this Sublease regardless of the cause.
- (b) Without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action against, and covenants not to sue the Indemnified Parties under any present or future Laws, statutes, or regulations, including, but not limited to, any claim for inverse condemnation or the payment of just compensation under the law of eminent domain, or otherwise at equity, in the event that Sublandlord terminates this Sublease because of such claim for inverse condemnation or eminent domain.
- (c) As part of Subtenant's agreement to accept the Premises in its "As Is" condition as provided herein, and without limiting such agreement and any other waiver contained herein, Subtenant on behalf of itself and its successors and assigns, waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way be connected with the physical or environmental condition of the Premises and any related improvements or any Laws or regulations applicable thereto or the suitability of the Premises for Subtenant's intended use.
- (d) Subtenant acknowledges that it will not be a displaced person at the time this Sublease is terminated, and Subtenant fully RELEASES, WAIVES AND DISCHARGES the Indemnified Parties from any and all Losses and any and all claims, demands or rights against any of the Indemnified Parties under any present and future Laws, including, without limitation, any and all claims for relocation benefits or assistance from the Indemnified Parties under federal and state

relocation assistance laws.

(e) Without limiting any other waiver contained herein, Subtenant, on behalf of itself and its successors and assigns, hereby waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way connected with the Indemnified Parties' decision to Sublease the Premises to Subtenant, regardless of whether or not such decision is or may be determined to be an act of gross negligence or willful misconduct of the Indemnified Parties.

(f) Subtenant covenants and agrees never to file, commence, prosecute or cause to be filed, commenced or prosecuted against the Indemnified Parties any claim, action or proceeding based upon any claims, demands, causes of action, obligations, damages, losses, costs, expenses or liabilities of any nature whatsoever encompassed by the waivers and releases set forth in this Section 16.1.

(g) In executing these waivers and releases, Subtenant has not relied upon any representation or statement other than as expressly set forth herein.

(h) Subtenant had made such investigation of the facts pertaining to these waivers and releases as it deems necessary and assumes the risk of mistake with respect to such facts. These waivers and releases are intended to be final and binding on Subtenant regardless of any claims of mistake.

(i) In connection with the foregoing releases, Subtenant acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Subtenant acknowledges that the releases contained herein include all known and unknown, disclosed and undisclosed, and anticipated and unanticipated claims. Subtenant realizes and acknowledges that it has agreed upon this Sublease in light of this realization and, being fully aware of this situation, it nevertheless intends to waive the benefit of Civil Code Section 1542, or any statute or other similar law now or later in effect. The waivers and releases contained herein shall survive any termination of this Sublease.

16.2. Subtenant's Indemnity. Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties from and against any and all Losses arising out of Subtenant's use of the Premises, including but not limited to, any Losses arising directly or indirectly, in whole or in part, out of: (a) any damage to or destruction of any property owned by or in the

custody of Subtenant or Subtenant's Agents or Subtenant's Invitees; (b) any accident, injury to or death of a person, including, without limitation, Subtenant's Agents and Subtenant's Invitees, howsoever or by whomsoever caused, occurring in, on or about the Premises; (c) any default by Subtenant in the observation or performance of any of the terms, covenants or conditions of this Sublease to be observed or performed on Subtenant's part; (d) the use, occupancy, conduct or management, or manner of use, occupancy, conduct or management by Subtenant, Subtenant's Agents or Subtenant's Invitees or any person or entity claiming through or under any of them, of the Premises or any Alterations; (e) any construction or other work undertaken by Subtenant on or about the Premises; and (f) any acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees, in, on, or about the Premises or any Alterations, except to the extent that such Indemnity is void or otherwise unenforceable under any applicable Laws in effect on or validly retroactive to the date of this Sublease and further except only to the extent such Losses are caused solely by the gross negligence or intentional wrongful acts and omissions of the Indemnified Parties. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and Sublandlord's costs of investigating any Loss. Subtenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter. Subtenant's obligations under this Section shall survive the expiration or sooner termination of this Sublease.

17. INSURANCE

17.1. **Required Insurance Coverage.** Subtenant, at its sole cost and expense, shall maintain, or cause to be maintained, through the Term of this Sublease, the following insurance:

(a) **General Liability Insurance.** Comprehensive or commercial general liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including coverages for contractual liability, independent contractors, broad form property damage, personal injury, products and completed operations, fire damage and legal liability with limits not less than One Million Dollars (\$1,000,000), explosion, collapse and underground (XCU).

(b) **Automobile Liability Insurance.** Comprehensive or business automobile liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including coverages for owned and hired vehicles and for employer's non-ownership liability, which insurance shall be required if any automobiles or any other motor vehicles are operated in connection with Subtenant's activity on the Premises or the Permitted Use.

(c) **Worker's Compensation and Employer's Liability Insurance.** If Subtenant has employees, Worker's Compensation Insurance in statutory amounts with Employer's Liability

with limits not less than One Million Dollars (\$1,000,000.00) for each accident, injury or illness, on employees eligible for each.

(d) **Personal Property Insurance.** Subtenant, at its sole cost and expense, shall procure and maintain on all of its personal property and Alterations, in, on, or about the Premises, property insurance on an all risk form, excluding earthquake and flood, to the extent of full replacement value. The proceeds from any such policy shall be used by Subtenant for the replacement of Subtenant's personal property.

(e) **Other Coverage.** Such other insurance or different coverage amounts as is required by law or as is generally required by commercial owners of property similar in size, character, age and location as the Premises, as may change from time to time, or as may be required by the City's Risk Manager.

17.2. Claims-Made Policies. If any of the insurance required in Section 17.1 above is provided under a claims-made form of policy, Subtenant shall maintain such coverage continuously throughout the Term and without lapse for a period of three (3) years beyond the termination of this Sublease, to the effect that should occurrences during the Term give rise to claims made after termination of this Sublease, such claims shall be covered by such claims-made policies.

17.3. Annual Aggregate Limits. If any of the insurance required in Section 17.1 above is provided under a form of coverage which includes an annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit shall be double the occurrence limits specified herein.

17.4. Payment of Premiums. Subtenant shall pay the premiums for maintaining all required insurance.

17.5. Waiver of Subrogation Rights. Notwithstanding anything to the contrary contained herein, Sublandlord and Subtenant (each a "Waiving Party") each hereby waives any right of recovery against the other party for any loss or damage sustained by such other party with respect to the Facility or the Premises or any portion thereof or the contents of the same or any operation therein, whether or not such loss is caused by the fault or negligence of such other party, to the extent such loss or damage is covered by insurance which is required to be purchased by the Waiving Party under this Sublease or is actually covered by insurance obtained by the Waiving Party. Each Waiving Party agrees to cause its insurers to issue appropriate waiver of subrogation rights endorsements to all policies relating to the Facility or the Premises; provided, the failure to obtain any such endorsement shall not affect the above waiver.

17.6. General Insurance Matters.

(a) All liability insurance policies required to be maintained by Subtenant hereunder shall

contain a cross-liability clause, shall name as additional insureds the "THE TREASURE ISLAND DEVELOPMENT AUTHORITY, CITY AND COUNTY OF SAN FRANCISCO, THE UNITED STATES OF AMERICA, ACTING BY AND THROUGH THE DEPARTMENT OF THE NAVY, AND THEIR OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS," shall be primary to any other insurance available to the additional insureds with respect to claims arising under this Sublease, and shall provide that such insurance applies separately to each insured against whom complaint is made or suit is brought except with respect to the limits of the company's liability.

(b) All insurance policies required to be maintained by Subtenant hereunder shall be issued by an insurance company or companies reasonably acceptable to Sublandlord with an AM Best rating of not less than A-VIII and authorized to do business in the State of California.

(c) All insurance policies required to be maintained by Subtenant hereunder shall provide for thirty (30) days' prior written notice of cancellation for any reason, intended non-renewal, or reduction in coverage to Subtenant and Sublandlord. Such notice shall be given in accordance with the notice provisions of Section 21.1 below.

(d) Subtenant shall deliver to Sublandlord certificates of insurance and additional insured policy endorsements in a form satisfactory to Sublandlord evidencing the coverages required herein, together with evidence of payment of premiums, on or before the Commencement Date, and upon renewal of each policy not less than thirty (30) days before expiration of the term of the policy. Subtenant shall, upon Sublandlord's request, promptly furnish Sublandlord with a complete copy of any insurance policy required hereunder.

(e) Not more often than every year and upon not less than sixty (60) days' prior written notice, Sublandlord may require Subtenant to increase the insurance limits set forth in Section 17.1 above if Sublandlord finds in its reasonable judgment that it is the general commercial practice in San Francisco to carry insurance in amounts substantially greater than those amounts carried by Subtenant with respect to risks comparable to those associated with the use of the Premises.

(f) Subtenant's compliance with the provisions of this Section shall in no way relieve or decrease Subtenant's indemnification obligations herein or any of Subtenant's other obligations or liabilities under this Sublease.

(g) Notwithstanding anything to the contrary in this Sublease, Sublandlord may elect in Sublandlord's sole and absolute discretion to terminate this Sublease upon the lapse of any required insurance coverage by written notice to Subtenant.

18. ACCESS BY SUBLANDLORD

18.1. Access to Premises by Sublandlord.

(a) **General Access.** Sublandlord reserves for itself and Sublandlord's Agents, the right to enter the Premises and any portion thereof at all reasonable times upon not less than twenty-four (24) hours oral or written notice to Subtenant (except in the event of an emergency) for any purpose.

(b) **Emergency Access.** In the event of any emergency, as determined by Sublandlord, Sublandlord may, at its sole option and without notice, enter the Premises and alter or remove any Alterations or Subtenant's Personal Property on or about the Premises. Sublandlord shall have the right to use any and all means Sublandlord considers appropriate to gain access to any portion of the Premises in an emergency. In such case, Sublandlord shall not be responsible for any damage or injury to any such property, nor for the replacement of any such property and any such emergency entry shall not be deemed to be a forcible or unlawful entry onto or a detainer of, the Premises, or an eviction, actual or constructive, of Subtenant from the Premises or any portion thereof.

(c) **No Liability.** Sublandlord shall not be liable in any manner, and Subtenant hereby waives any claims, for any inconvenience, disturbance, loss of business, nuisance or other damage arising out of Sublandlord's entry onto the Premises, except damage resulting directly and exclusively from the gross negligence or willful misconduct of Sublandlord or Sublandlord's Agents and not contributed to by the acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees.

18.2. Access to Premises by Master Landlord. Subtenant acknowledges and agrees that Master Landlord shall have all of the rights of access to the Premises described in the Master Lease.

19. SURRENDER

19.1. Surrender of the Premises. Upon the termination of this Sublease, Subtenant shall surrender to Sublandlord the Premises in the same condition as of the Commencement Date, ordinary wear and tear excepted, and free and clear of all liens, easements and other encumbrances created or suffered by, through or under Subtenant. On or before any termination hereof, Subtenant shall, at its sole cost, remove any and all of Subtenant's Personal Property from the Premises and demolish and remove any and all Alterations from the Premises (except for any Alterations that Sublandlord agrees are to remain part of the Premises pursuant to the provisions of Section 8.3 above). In addition, Subtenant shall, at its sole expense, repair any damage to the Premises resulting from the removal of any such items and restore the Premises to their condition immediately prior to the presence of any Alterations. In connection therewith, Subtenant shall obtain any and all necessary permits and approvals, including, without limitation, any environmental permits, and execute any manifests or other documents necessary to complete the demolition, removal or restoration work required hereunder. Subtenant's obligations under this Section shall survive the termination of this Sublease. Any items of Subtenant's Personal

Property remaining on or about the Premises after the termination of this Sublease may, at Sublandlord's option and after thirty (30) days written notice to Subtenant, be deemed abandoned and in such case Sublandlord may dispose of such property in accordance with Section 1980, et seq., of the California Civil Code or in any other manner allowed by Law.

19.2. No Holding Over. If Subtenant fails to surrender the Premises to Sublandlord upon the termination of this Sublease as required by this Section, Subtenant shall Indemnify Sublandlord against all Losses resulting therefrom, including, without limitation, Losses made by a succeeding Subtenant resulting from Subtenant's failure to surrender the Premises. Subtenant shall have no right to hold over without the prior written consent of Sublandlord, which consent may be withheld in Sublandlord's sole and absolute discretion. If Sublandlord holds over the Premises or any part thereof after expiration or earlier termination of this Sublease, such holding over shall be terminable upon written notice by Sublandlord, and the Base Rent shall be increased to two hundred percent (200%) of the Base Rent in effect immediately prior to such holding over, and such holdover shall otherwise be on all the other terms and conditions of this Sublease. This Section shall not be construed as Sublandlord's permission for Subtenant to hold over. Acceptance of any holdover Base Rent by Sublandlord following expiration or termination of this Sublease shall not constitute an extension or renewal of this Sublease.

19.3. Security Deposit. Subtenant shall pay to Sublandlord upon execution of this Sublease a security deposit in the amount set forth in the Basic Sublease Information as security for the faithful performance of all terms, covenants and conditions of this Sublease. Subtenant agrees that Sublandlord may (but shall not be required to) apply the security deposit in whole or in part to remedy any damage to the Premises caused by Subtenant, Subtenant's Agents or Subtenant's Invitees, or any failure of Subtenant to perform any other terms, covenants or conditions contained in this Sublease, without waiving any of Sublandlord's other rights and remedies hereunder or at Law or in equity. Should Sublandlord use any portion of the security deposit to cure any Event of Default by Subtenant hereunder, Subtenant shall immediately replenish the security deposit to the original amount, and Subtenant's failure to do so within five (5) days of Sublandlord's notice shall constitute a material Event of Default under this Sublease. Sublandlord's obligations with respect to the security deposit are solely that of debtor and not trustee. Sublandlord shall not be required to keep the security deposit separate from its general funds, and Subtenant shall not be entitled to any interest on such deposit. The amount of the security deposit shall not be deemed to limit Subtenant's liability for the performance of any of its obligations under this Sublease. To the extent that Sublandlord is not entitled to retain or apply the security deposit pursuant to this Section 20.3, Sublandlord shall return such security deposit to Subtenant within forty-five (45) days of the termination of this Sublease.

20. HAZARDOUS MATERIALS

20.1. No Hazardous Materials. Subtenant covenants and agrees that neither Subtenant nor any of Subtenant's Agents or Subtenant's Invitees shall cause or permit any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any

federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment, including, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended (42 U.S.C. Sections 9601 et seq.), or pursuant to Section 25281 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of any existing improvements on the Premises, or are naturally occurring substances on, in or about the Premises; and petroleum, including crude oil or any fraction thereof, and natural gas or natural gas liquids ("Hazardous Material") to be brought upon, kept, used, stored, generated or disposed of in, on or about the Premises or transported to or from the Premises without the prior written approval of Sublandlord, which approval may be withheld in Sublandlord's sole and absolute discretion. Subtenant shall immediately notify Sublandlord if and when Subtenant learns or has reason to believe there has been any release of Hazardous Material in, on or about the Premises. Sublandlord may from time to time request Subtenant to provide adequate information for Sublandlord to determine that any Hazardous Material permitted hereunder is being handled in compliance with all applicable federal, state or local Laws or policies relating to Hazardous Material (including, without limitation, its use, handling, transportation, production, disposal, discharge or storage) or to human health and safety, industrial hygiene or environmental conditions in, on, under or about the Premises and any other property, including, without limitation, soil, air and groundwater conditions ("Environmental Laws"), and Subtenant shall promptly provide all such information. Sublandlord and Sublandlord's Agents shall have the right to inspect the Premises for Hazardous Material and compliance with the provisions hereof at all reasonable times upon reasonable advance oral or written notice to Subtenant (except in the event of an emergency). Subtenant agrees that it shall comply, without limiting the foregoing, with the provisions of Article 21 of the San Francisco Health Code including, without limitation, regarding obtaining and complying with the requirements of an approved hazardous materials management plan, and with the requirements of the environmental protection provisions provided for in Section 13 of the Master Lease.

20.2. Subtenant's Environmental Indemnity. If Subtenant breaches any of its obligations contained in Section 20.1 above, or, if any act or omission or negligence of Subtenant or any of Subtenant's Agents or Subtenant's Invitees results in any spilling, leaking, pumping, pouring, emitting, discharging, injecting, escaping, leeching or dumping ("Release") of Hazardous Material in, on, under or about the Premises or the Property, without limiting Subtenant's general Indemnity contained in Section 16.2 above, Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties, and each of them, from and against any and all enforcement, investigation, remediation or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental Laws together with any and all Losses made or threatened by any third party against Sublandlord, Sublandlord's Agents, or the Premises, relating to damage, contribution, cost recovery compensation, loss or injury resulting from the presence, Release or discharge of any Hazardous Materials, including,

without limitation, Losses based in common law, investigation and remediation costs, fines, natural resource damages, damages for decrease in value of the Premises, the loss or restriction of the use or any amenity of the Premises and attorneys' fees and consultants' fees and experts' fees and costs ("Hazardous Materials Claims") arising during or after the Term of this Sublease and relating to such Release. The foregoing Indemnity includes, without limitation, all costs associated with the investigation and remediation of Hazardous Material and with the restoration of the Premises or the Property to its prior condition including, without limitation, fines and penalties imposed by regulatory agencies, natural resource damages and losses, and revegetation of the Premises or other Sublandlord property. Without limiting the foregoing, if Subtenant or any of Subtenant's Agents or Subtenant's Invitees, causes or permits the Release of any Hazardous Materials in, on, under or about the Premises or the Property, Subtenant shall, immediately, at no expense to Sublandlord, take any and all appropriate actions to return the Premises or other Sublandlord property affected thereby to the condition existing prior to such Release and otherwise investigate and remediate the Release in accordance with all Environmental Laws. Subtenant shall provide Sublandlord with written notice of and afford Sublandlord a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, permit, approvals, or other compromise or proceeding involving Hazardous Material.

20.3. Acknowledgment of Receipt of EBS and FOSL Reports. Subtenant hereby acknowledges for itself and Subtenant's Agents that, prior to the execution of this Sublease, it has received and reviewed the Environmental Baseline Survey ("EBS") and the Finding of Suitability to Lease ("FOSL") described in Section 7 of the Master Lease. California law requires landlords to disclose to tenants the presence or potential presence of certain Hazardous Materials. Accordingly, Subtenant is hereby advised that occupation of the Premises may lead to exposure to Hazardous Materials such as, but not limited to, gasoline, diesel and other vehicle fluids, vehicle exhaust, office maintenance fluids, tobacco smoke, methane and building materials containing chemicals, such as formaldehyde. Further, there are Hazardous Materials located on the Premises as described in the EBS and the FOSL. In addition, California's Proposition 65, Health and Safety Code Section 25249.6 et seq., requires notice that some of these Hazardous Materials are known by the State of California to cause cancer or reproductive harm. By execution of this Sublease, Subtenant acknowledges that the notices and warnings set forth above satisfy the requirements of California Health and Safety Code Sections 25249.6 et seq., 25359.7 and related statutes.

21. GENERAL PROVISIONS

21.1. Notices. Except as otherwise expressly provided in this Sublease, any notice given hereunder shall be effective only in writing and given by delivering the notice in person, or by sending it first class mail or certified mail with a return receipt requested or reliable commercial overnight courier, return receipt requested, with postage prepaid, to the appropriate addresses set forth in the Basic Sublease Information. Any Party hereunder may designate a new address for notice purposes hereunder at least ten (10) days prior to the effective date of such change. Any

notice hereunder shall be deemed to have been given two (2) days after the date when it is mailed if sent by first class or certified mail, one day after the date it is made, if sent by commercial overnight carrier, or upon the date personal delivery is made, and any refusal by either Party to accept the attempted delivery of any notice, if such attempted delivery is in compliance with this Section 21.1 and applicable Laws, shall be deemed receipt of such notice.

21.2. No Implied Waiver. No failure by Sublandlord to insist upon the strict performance of any obligation of Subtenant under this Sublease or to exercise any right, power or remedy arising out of a breach thereof, irrespective of the length of time for which such failure continues, no acceptance of full or partial payment of Rent due hereunder during the continuance of any such breach, and no acceptance of the keys to or possession of the Premises prior to the expiration of the Term by any Agent of Sublandlord, shall constitute a waiver of such breach or of Sublandlord's right to demand strict compliance with such term, covenant or condition or operate as a surrender of this Sublease. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of a default or the performance of any provision hereof shall not be deemed to be a waiver of a subsequent default or performance. The consent of Sublandlord given in any instance under the terms of this Sublease shall not relieve Subtenant of any obligation to secure the consent of Sublandlord in any other or future instance under the terms of this Sublease.

21.3. Amendments. Neither this Sublease nor any term or provision hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the Parties hereto.

21.4. Authority. If Subtenant signs as a corporation, a partnership or a limited liability company, each of the persons executing this Sublease on behalf of Subtenant does hereby covenant and warrant that Subtenant is a duly authorized and existing entity, that Subtenant has and is qualified to do business in California, that Subtenant has full right and authority to enter into this Sublease, and that each and all of the persons signing on behalf of Subtenant are authorized to do so. Upon Sublandlord's request, Subtenant shall provide Sublandlord with evidence reasonably satisfactory to Sublandlord confirming the foregoing representations and warranties. Without limiting the generality of the foregoing, Subtenant represents and warrants that it has full power to make the waivers and releases, indemnities and the disclosures set forth herein, and that it has received independent legal advice from its attorney as to the advisability of entering into a sublease containing those provisions and their legal effect.

21.5. Joint and Several Obligations. The word "Subtenant" as used herein shall include the plural as well as the singular. If there is more than one Subtenant, the obligations and liabilities under this Sublease imposed on Subtenant shall be joint and several.

21.6. Interpretation of Sublease. The captions preceding the articles and sections of this Sublease and in the table of contents have been inserted for convenience of reference only and

such captions shall in no way define or limit the scope or intent of any provision of this Sublease. This Sublease has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intents and purposes of the Parties, without any presumption against the party responsible for drafting any part of this Sublease. Provisions in this Sublease relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action occurs on a Saturday, Sunday or a bank or Sublandlord holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day. Use of the word "including" or similar words shall not be construed to limit any general term, statement or other matter in this Sublease, whether or not language of non-limitation, such as "without limitation" or similar words, are used. Unless otherwise provided herein, whenever the consent of Sublandlord is required to be obtained by Subtenant hereunder, Sublandlord may give or withhold such consent in its sole and absolute discretion.

21.7. Successors and Assigns. Subject to the provisions of Section 14, the terms, covenants and conditions contained in this Sublease shall bind and inure to the benefit of Sublandlord and Subtenant and, except as otherwise provided herein, their personal representatives and successors and assigns; provided, however, that upon any transfer by Sublandlord (or by any subsequent Sublandlord) of its interest in the Premises as lessee, including any transfer by operation of Law, Sublandlord (or any subsequent Sublandlord) shall be relieved from all subsequent obligations and liabilities arising under this Sublease subsequent to such transfer.

21.8. Brokers. Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the Sublease contemplated herein. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes a claim shall be responsible for such commission or fee and shall Indemnify the other party from any and all Losses incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination of this Sublease.

21.9. Severability. If any provision of this Sublease or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Sublease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Sublease shall be valid and be enforceable to the fullest extent permitted by Law.

21.10. Governing Law. This Sublease shall be construed and enforced in accordance with the Laws of the State of California and the federal government.

21.11. Entire Agreement. This instrument (including the exhibits hereto, which are made a part of this Sublease) contains the entire agreement between the Parties and supersedes all prior written or oral negotiations, discussions, understandings and agreements. The Parties further intend that this Sublease shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including prior drafts of this Sublease and any changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Sublease. Subtenant hereby acknowledges that neither Sublandlord nor Sublandlord's Agents have made any representations or warranties with respect to the Premises or this Sublease except as expressly set forth herein, and no rights, easements or licenses are or shall be acquired by Subtenant by implication or otherwise unless expressly set forth herein.

21.12. Attorneys' Fees. In the event that either Sublandlord or Subtenant fails to perform any of its obligations under this Sublease or in the event a dispute arises concerning the meaning or interpretation of any provision of this Sublease, the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder (whether or not such action is prosecuted to judgment), including, without limitation, court costs and reasonable attorneys' fees. For purposes of this Sublease, reasonable fees of attorneys in the Office of the San Francisco City Attorney (Sublandlord's General Counsel) shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City and County of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney. Further, for purposes of this Sublease, the term "attorneys' fees" shall mean the fees and expenses of counsel to the Parties, which may include printing, duplicating and other expenses, air freight charges, hiring of experts, and fees billed for law clerks, paralegals, librarians and others not admitted to the bar but performing services under the supervision of an attorney. The term "attorneys' fees" shall also include, without limitation, all such fees and expenses incurred with respect to appeals, mediations, arbitrations, and bankruptcy proceedings, and whether or not any action is brought with respect to the matter for which such fees and costs were incurred. The term "attorney" shall have the same meaning as the term "counsel".

21.13. Time of Essence. Time is of the essence with respect to all provisions of this Sublease in which a definite time for performance is specified.

21.14. Cumulative Remedies. All rights and remedies of either party hereto set forth in this Sublease shall be cumulative, except as may otherwise be provided herein.

21.15. Survival of Indemnities. Termination of this Sublease shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Sublease, nor shall it affect any provision of this Sublease that expressly states it shall survive termination hereof. Subtenant specifically acknowledges and agrees that, with respect to each of the indemnities contained in this Sublease, Subtenant has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any

claim which actually or potentially falls within the indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter.

21.16. Relationship of Parties. Sublandlord is not, and none of the provisions in this Sublease shall be deemed to render Sublandlord, a partner in Subtenant's business, or joint venturer or member in any joint enterprise with Subtenant. This Sublease is not intended nor shall it be construed to create any third party beneficiary rights in any third party, unless otherwise expressly provided. The granting of this Sublease by Sublandlord does not constitute authorization or approval by Sublandlord of any activity conducted by Subtenant on, in or relating to the Premises.

21.17. Recording. Subtenant agrees that it shall not record this Sublease nor any memorandum or short form hereof in the official records of any county.

21.18. Non-Liability of Indemnified Parties' Officials, Employees and Agents. No elective or appointive board, commission, member, officer or employee of any of the Indemnified Parties shall be personally liable to Subtenant, its successors and assigns, in the event of any default or breach by Sublandlord or for any amount which may become due to Subtenant, its successors and assigns, or for any obligation of Sublandlord under this Sublease.

21.19. No Discrimination. Subtenant shall comply with the non-discrimination provisions of Section 19.1 of the Master Lease, including, without limitation, posting all notices required therein.

21.20. Counterparts. This Sublease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

21.21. Master Landlord's Consent. This Sublease is expressly conditioned upon receipt of the written consent of Master Landlord.

22. SPECIAL PROVISIONS

22.1. Signs. Subtenant agrees that it will not erect or maintain, or permit to be erected or maintained, any signs, notices or graphics upon or about the Premises which are visible in or from public corridors or other portions of any common areas of the Premises or from the exterior of the Premises, without Sublandlord's prior written consent, which Sublandlord may withhold or grant in its sole discretion.

22.2. Public Transit Information. Subtenant shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Subtenant

employed on the Premises, including, without limitation, the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Premises and encouraging use of such facilities, all at Subtenant's sole expense.

22.3. TIHDI Job Broker. Subtenant shall comply with the requirements of the TIHDI Work Force Hiring Plan attached hereto as Exhibit F.

22.4. Local Hiring. Subtenant further agrees to use good faith efforts to hire residents of the City and County of San Francisco at all levels of Subtenant's personnel needs and to contract with local businesses for Subtenant's purchase of supplies, materials, equipment or services.

22.5. Non-Discrimination in City Contracts and Benefits Ordinance.

(a) **Covenant Not to Discriminate.** In the performance of this Sublease, Subtenant covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, weight, height or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with, Subtenant in any of Subtenant's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Subtenant.

(b) **Sub-Subleases and Other Subcontracts.** Subtenant shall include in all sub-subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to such sub-subtenant or other subcontractor in substantially the form of subsection (a) above. In addition, Subtenant shall incorporate by reference in all sub-subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all sub-subtenants and other subcontractors to comply with such provisions. Subtenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Sublease.

(c) **Non-Discrimination in Benefits.** Subtenant does not as of the date of this Sublease and will not during the Term, in any of its operations or in San Francisco or with respect to its operations under this Sublease elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) **HRC Form.** As a condition to this Sublease, Subtenant shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission (the "HRC"). Subtenant hereby represents that prior to execution of this Sublease, (i) Subtenant executed and submitted to the HRC Form HRC-128-101 with supporting documentation; and (ii) the HRC approved such form.

(e) **Incorporation of Administrative Code Provisions by Reference.** The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Subtenant shall comply fully with and be bound by all of the provisions that apply to this Sublease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Subtenant understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of Fifty Dollars (\$50.00) for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Sublease may be assessed against Subtenant and/or deducted from any payments due Subtenant.

22.6. **MacBride Principles - Northern Ireland.** The City urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Subtenant acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

22.7. **Tropical Hardwood and Virgin Redwood Ban.** The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood product. Except as expressly permitted by the application of Section 802(b) and 803(b) of the San Francisco Environment Code, Subtenant shall not provide any items to the construction of tenant improvements or Alterations in the Premises, or otherwise in the performance of this Sublease, which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. In the event Subtenant fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Subtenant shall be liable for liquidated damages for each violation in an amount equal to Subtenant's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater.

22.8. **Conflicts of Interest.** Subtenant states that it is familiar with the provisions of Section 8.105 and 8.106 of the San Francisco Charter and certifies that it knows of no facts which would constitute a violation of such provisions. Subtenant further certifies that it has made a complete

disclosure to the Sublandlord of all facts bearing on any possible interests, direct or indirect, which Subtenant believes any officer or employee of the Sublandlord presently has or will have in this Sublease or in the performance thereof or in any portion of the profits thereof. Willful failure by Subtenant to make such disclosure, if any, shall constitute grounds for the Sublandlord's termination and cancellation of this Sublease.

22.9. Wages and Working Conditions. Subtenant agrees that any person performing labor in the construction of any tenant improvements and any Alterations to the Premises, which Subtenant provides under this Sublease, shall be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Subtenant shall include, in any contract for construction of such tenant improvements and Alterations, a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Subtenant shall require any contractor to provide, and shall deliver to Sublandlord upon request, certified payroll reports with respect to all persons performing labor in the construction of such tenant improvement work or any Alterations to the Premises.

22.10. Prohibition of Tobacco Advertising. Subtenant acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of Sublandlord or the City, including the Premises and the Property. This prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This prohibition does not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

22.11. Pesticide Prohibition. Subtenant shall comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "Pesticide Ordinance") which (i) prohibit the use of certain pesticides on City property, (ii) require the posting of certain notices and the maintenance of certain records regarding pesticide usage and (iii) require Subtenant to submit to Sublandlord an integrated pest management ("IPM") plan that (a) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Subtenant may need to apply to the Premises during the terms of this Sublease, (b) describes the steps Subtenant will take to meet the City's IPM Policy described in Section 300 of the Pesticide Ordinance and (c) identifies, by name, title, address and telephone number, an individual to act as Subtenant's primary IPM contact person with the City. In addition, Subtenant shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance.

22.12. First Source Hiring Ordinance. The City has adopted a First Source Hiring Ordinance (Board of Supervisors Ordinance No. 264 98) which establishes specific requirements, procedures and monitoring for first source hiring of qualified economically disadvantaged

individuals for entry level positions. Within thirty (30) days after Sublandlord adopts a First Source Hiring Implementation and Monitoring Plan in accordance with the First Source Hiring Ordinance, Subtenant shall enter into a First Source Hiring Agreement that meets the applicable requirements of Section 83.9 of the First Source Hiring Ordinance.

22.13. Sunshine Ordinance. In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between City departments and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

22.14. Conflicts of Interest. Through its execution of this Sublease, Subtenant acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provisions, and agrees that if Subtenant becomes aware of any such fact during the Term of this Sublease, Subtenant shall immediately notify Sublandlord.

22.15. Charter Provision. This Sublease is governed by and subject to the provisions of the Charter of the City and County of San Francisco.

22.16. Requiring Health Benefits for Covered Employees. Unless exempt, Subtenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Sublease as though fully set forth. The text of the HCAO is available on the web at www.dph.sf.ca.us/HCRes/Resolutions/2004Res/HCRes102004.shtml. Capitalized terms used in this Section and not defined in this Sublease shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee, Subtenant shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Subtenant chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(b) Notwithstanding the above, if Subtenant is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with Subsection (a) above.

(c) Subtenant's failure to comply with the HCAO shall constitute a material breach of this Sublease. Sublandlord shall notify Subtenant if such a breach has occurred. If, within thirty (30) days after receiving City's written notice of a breach of this Sublease for violating the HCAO, Subtenant fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Subtenant fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, Sublandlord shall have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to Sublandlord.

(d) Any Subcontract entered into by Subtenant shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Subtenant shall notify City's Purchasing Department when it enters into such a Subcontract and shall certify to the Purchasing Department that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Subtenant shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the Sublandlord may pursue the remedies set forth in this Section against Subtenant based on the Subcontractor's failure to comply, provided that Sublandlord has first provided Subtenant with notice and an opportunity to obtain a cure of the violation.

(e) Subtenant shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying Sublandlord with regard to Subtenant's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(f) Subtenant represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(g) Subtenant shall keep itself informed of the current requirements of the HCAO.

(h) Subtenant shall provide reports to Sublandlord in accordance with any reporting standards promulgated by Sublandlord under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

(i) Subtenant shall provide Sublandlord with access to records pertaining to compliance with the HCAO after receiving a written request from Sublandlord to do so and being provided at least five (5) business days to respond.

(j) Sublandlord may conduct random audits of Subtenant to ascertain its compliance with HCAO. Subtenant agrees to cooperate with Sublandlord when it conducts such audits.

(k) If Subtenant is exempt from the HCAO when this Sublease is executed because its amount is less than Twenty-Five Thousand Dollars (\$25,000) (or [Fifty Thousand Dollars (\$50,000) if Subtenant is a qualified nonprofit], but Subtenant later enters into an agreement or agreements that cause Subtenant's aggregate amount of all agreements with Sublandlord to reach Seventy-Five Thousand Dollars (\$75,000), all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Subtenant and the Contracting Department to be equal to or greater than Seventy-Five Thousand Dollars (\$75,000) in the fiscal year.

22.17. Notification of Limitations on Contributions. Through its execution of this Sublease, Subtenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for such contract until the termination of negotiations for such contract or three (3) months has elapsed from the date the contract is approved by the City elective officer, or the board on which that City elective officer serves. San Francisco Ethics Commission Regulation 1.126-1 provides that negotiations are commenced when a prospective contractor first communicates with a City officer or employee about the possibility of obtaining a specific contract. This communication may occur in person, by telephone or in writing, and may be initiated by the prospective contractor or a City officer or employee. Negotiations are completed when a contract is finalized and signed by the City and the contractor. Negotiations are terminated when the City and/or the prospective contractor end the negotiation process before a final decision is made to award the contract.

22.18. Preservation-Treated Wood Containing Arsenic. As of July 1, 2003, Subtenant may not purchase preservative-treated wood products containing arsenic in the performance of this Sublease unless an exemption from the requirements of Environment Code Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Subtenant may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment. This provision does not preclude Subtenant from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

22.19. Resource Efficient City Buildings and Pilot Projects. Subtenant acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 707 relating to resource-efficient City buildings and resource-efficient pilot projects. Subtenant

hereby agrees that it shall comply with all applicable provisions of such code sections.

22.20. Food Service Waste Reduction. Subtenant agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Sublease as though fully set forth. This provision is a material term of this Sublease. By entering into this Sublease, Subtenant agrees that if it breaches this provision, Sublandlord will suffer actual damages that will be impractical or extremely difficult to determine; further, Subtenant agrees that the sum of One Hundred Dollars (\$100.00) liquidated damages for the first breach, Two Hundred Dollars (\$200.00) liquidated damages for the second breach in the same year, and Five Hundred Dollars (\$500.00) liquidated damages for subsequent breaches in the same year is a reasonable estimate of the damage that Sublandlord will incur based on the violation, established in light of the circumstances existing at the time this Sublease was made. Such amounts shall not be considered a penalty, but rather agreed monetary damages sustained by Sublandlord because of Subtenant's failure to comply with this provision.

22.21. Estoppel Certificates. At any time and from time to time, within ten (10) days after Sublandlord's request, Subtenant will execute, acknowledge and deliver to Sublandlord a statement certifying the following matters: (a) the Commencement Date and Expiration Date of this Sublease; (b) that this Sublease is unmodified and in full force and effect (or if there have been modifications, that this Sublease is in full force and effect as modified and the date and nature of such modifications); (c) the dates to which the Rent has been paid; (d) that there are no Events of Default under this Sublease (or if there are any Events of Default, the nature of such Event of Default); and (e) any other matters reasonably requested by Sublandlord. Sublandlord and Subtenant intend that any such statement delivered pursuant to this paragraph may be relied upon by any assignee of Sublandlord's interest in the Master Lease or this Sublease, any mortgagee or any purchaser or prospective purchaser of the building or land on which the Premises are located. Subtenant irrevocably appoints Sublandlord, as Subtenant's agent, to execute and deliver in the name of Sublandlord any such instrument if Subtenant fails to do so, which failure shall also be an Event of Default under this Sublease.

22.22. Addendum. The terms of the Addendum, if any, attached to this Sublease are incorporated into the Sublease by reference. In the event of any inconsistency between the Sublease and the Addendum, the terms of the Addendum shall control.

Sublandlord and Subtenant have executed this Sublease in triplicate as of the date first written above.

SUBTENANT:

**SAN FRANCISCO GAELIC ATHLETIC
ASSOCIATION, a California nonprofit
corporation**

By: _____

Its: _____

SUBLANDLORD:

Treasure Island Development Authority

By: _____

Mirian Saez
Director of Island Operations

**APPROVED AS TO FORM:
DENNIS J. HERRERA, City Attorney**

By: _____
Deputy City Attorney

Sublease Prepared By: Richard A. Rovetti, Deputy Director of Real Estate _____
(initial)

EXHIBIT A

SOUTH WATERFRONT MASTER LEASE

EXHIBIT B

DIAGRAM OF PREMISES

EXHIBIT C

COVER PAGE OF THE SEISMIC REPORT

EXHIBIT D

RULES AND REGULATIONS

1. All rules and regulations set out in the Master Lease shall prevail.
2. No signs, advertisements, or notices shall be attached to, or placed on, the exterior or interior of the Building or elsewhere on the Property, without prior written approval of Sublandlord.
3. Subtenant's contractors and invitees, while on the Premises or Subtenant's parking area, shall be subject to these Rules and Regulations, and will be subject to direction from Sublandlord and its agents, but will not be an agent or contractor of the Sublandlord or its agents. Subtenant's contractors shall be licensed by the State, insured and bonded at the amount requested by the Sublandlord.
4. Subtenant shall install and maintain at Subtenant's expense, any life safety equipment required by governmental rules, regulations or laws to be kept on the Premises.

EXHIBIT E

STANDARD UTILITIES AND SERVICES AND RATES

Utilities Rate Schedule

Utility Service	Rate	Unit
Electric Rate	\$ 0.14	per kwh
Water Rate	\$ 5.40	per kgal
Sewer Rate	\$ 5.75	per kgal
Gas Rate	\$ 0.60	per therm

Rates are subject to adjustment.

Subtenant shall install utility Submeters to the satisfaction of Sublandlord.

Subtenant shall arrange for delivery of utility services to the premises by making a "Request for Utilities Services" by contacting:

San Francisco Public Utilities Commission
c/o Treasure Island Development Authority
410 Avenue of the Palms
Treasure Island
San Francisco, CA. 94130
Attn: Mr. Vic Zorzinsky
(415) 274-0333

EXHIBIT F

TIHDI WORKFORCE HIRING AGREEMENT

ADDENDUM TO SUBLEASE

This Addendum to the Sublease is dated as of October 23, 2008, between the TREASURE ISLAND DEVELOPMENT AUTHORITY ("Sublandlord"), and SAN FRANCISCO GAELIC ATHLETIC ASSOCIATION, a California nonprofit corporation ("Subtenant"), relating to certain premises described in the Sublease.

This Addendum supersedes and replaces the terms of the Sublease to which it is attached to the extent of any inconsistency between the Sublease and this Addendum. All capitalized terms used in this Addendum and not defined herein shall have the meanings set forth in the Sublease.

Sublandlord and Subtenant agree as follows:

1. **New Section 5.6. - Consideration for Sublease.** A new Section 5.6 is hereby added to the Sublease, which states in its entirety as follows:

"5.6 – Consideration for Sublease. The consideration for Subtenant's use of the Premises shall be comprised of the following, in addition to the consideration described in the Basic Sublease Information: (i) To the extent necessary to maintain the Premises as an athletic clubhouse facility, and subject to Sublandlord's approval in accordance with Section 8 of the Sublease, Subtenant shall renovate and/or maintain the Premises to a useable condition by constructing any necessary alterations to the Premises and maintaining the Premises, including, without limitation, repairing roof, repainting exterior and interior, restoring electrical supply and renovating restroom facilities; (ii) Subtenant shall use the Premises for the public purposes described in Section 7 of this Sublease and Section 7.7 of the Addendum to Sublease, and for no other purposes; (iii) Subtenant shall pay any and all charges, costs and expenses related to its use, occupancy, operation or enjoyment of the Premises or any Alterations permitted by Sublandlord thereon, including, without limitation, the cost of any utilities, taxes, insurance, maintenance, repairs, equipment or services, and (iv) Subtenant shall expend any Net Revenues (as defined in below) on the improvement, upkeep or maintenance of the Premises, as provided in Section 9 of this Sublease.

For purposes of this Sublease, "Net Revenues" shall mean any and all use fees, rentals, income, revenue, compensation or other consideration generated from Subtenant's use or operation of the Premises, after the payment of reasonable costs incurred in connection therewith; and in any event excluding revenues generated through the operation of any snack stand and/or sponsorship revenues."

2. **Section 7.1(a).** A new Section 7.1(a) is hereby added to the Sublease, which states in its entirety as follows:

Section 7.1(a). "Subtenant's Permitted Use. General office, meeting space, clubhouse, lockers and showers and support facilities for the athletic field located on Treasure Island. Subtenant may conduct food and beverage service in support of their meetings and activities, provided such service is in accordance with all

applicable laws and the provisions of the Sublease and the Master Lease, and further provided that any service of alcoholic beverages to Subtenant's members and guests at club functions is subject to the additional requirements that Subtenant obtain the appropriate license from the California Department of Alcoholic Beverage Control, that no alcoholic beverages are served to the general public and there are no retail sales of alcoholic beverages. Subtenant shall not sublease or otherwise rent out the Premises to third parties for meetings or other activities without the prior written approval of Sublandlord, which approval Sublandlord may grant or withhold at Sublandlord's sole and absolute discretion. No sale of tobacco or tobacco related products shall be permitted."

Sublandlord and Subtenant have executed this Addendum to Sublease in triplicate as of the date first written above.

SUBTENANT:

**SAN FRANCISCO GAELIC ATHLETIC
ASSOCIATION, a California nonprofit
corporation**

By: _____

Its: _____

SUBLANDLORD:

**TREASURE ISLAND DEVELOPMENT
AUTHORITY**

By: _____

Mirian Saez
Director of Island Operations

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____
Deputy City Attorney



AGENDA ITEM 8I
Treasure Island Development Authority
City and County of San Francisco
Meeting of October 22, 2008

Subject: Resolution Approving and Authorizing the Director of Island Operations to Enter into a Utilities Services Contract with the US Coast Guard. (*Consent Item*)

Contact Mirian Saez, Director of Island Operations
Phone (415) 274-0660

BACKGROUND

Through the Treasure Island Development Authority (the "Authority"), the San Francisco Public Utilities Commission ("SFPUC") provides utility services to the US Coast Guard station on Yerba Buena Island. The US Coast Guard has submitted a proposed Utilities Services Contract to the Authority requesting that the Authority continue to provide utilities to the Coast Guard from December 1, 2008 through November 30, 2009.

The Authority performs Base Caretaker duties at former Naval Station Treasure Island ("NSTI") on behalf of the United States Navy ("Navy") pursuant to the Base Caretaker Cooperative Agreement ("Cooperative Agreement"), as amended, between the Navy and the Authority. The Cooperative Agreement was initially signed on March 12, 1997, between the Navy and the City. In November 1998, the Board of Supervisors authorized the Authority to enter into the Cooperative Agreement and assume the City's obligations thereunder. Under the Cooperative Agreement, the Authority is referred to as the "Caretaker."

Obligations of the Caretaker are described generally in Articles I through XI of the Agreement. Specific duties of the Caretaker are described in Functional Annexes 1 through 9. Functional Annex 6 – Utilities Services, describes the responsibilities of the Caretaker with respect to operation and maintenance of the utilities systems at Treasure Island and Yerba Buena Island.

According to the Cooperative Agreement, "The Caretaker will be responsible for purchase of all electricity, natural gas and water consumed on TI and YBI and for purchase of electric power provided to the east water pump station serving the base." (Cooperative Agreement Modification 13, Functional Annex 6 - Technical Execution Plan Utilities Management, Paragraph 9.0 **Purchase of Utility Commodities**).

Further, the Cooperative Agreement states that "The Caretaker will defray costs of utilities commodities purchased and costs of the operation and maintenance of the utilities systems through revenues generated by charging uniform rates established by the Caretaker. The Caretaker will enter into Utility Service Contracts (USCs) with all Federal users, including the Navy or the Navy's contractors as required. The USC shall contain pertinent information regarding the utilities agreement between the Caretaker and the specific Federal user, including

rates.” (Cooperative Agreement Modification 13, Functional Annex 6 - Technical Execution Plan Utilities Management, Paragraph 10.0 **Billing and Payment for Utilities Consumption**).

In accord with the Cooperative Agreement, the US Coast Guard enters into successive contracts with the Authority for the provision of utilities to the YBI Coast Guard Station. Through these contracts, the Coast Guard agrees to pay for utilities consumed at the YBI Coast Guard station at uniform rates approved by the Authority after consultation with the SFPUC. The rates approved by the Authority are identical to the rates charged commercial subtenants on Treasure Island and Yerba Buena Island.

The Coast Guard has submitted the proposed Utilities Services Contract between the Authority and the US Coast Guard (“Contract”) to the Authority for a term of December 1, 2008 through November 30, 2009. The Coast Guard also has agreed to procedures for adjustment of utility rates charged to the Coast Guard, subject to the condition that such rates do not exceed published rates charged similar customers.

FINANCIAL IMPACT

The SFPUC will bill the Coast Guard, and the Coast Guard will pay the SFPUC, for all utility services delivered under the terms of the Contract. The Authority will not earn revenues nor will it incur expenses. This Contract will have no financial impact on the Authority.

RECOMMENDATION

Project Staff recommends that the Director of Island Operations be authorized to sign the Utilities Services Contract with the US Coast Guard for the term of December 1, 2008 through November 30, 2009.

Exhibit A- Utilities Services Contract between the Authority and the US Coast Guard for a Term of December 1, 2008 through November 30, 2009.

Prepared by Marc McDonald, Facilities Manager
for Mirian Saez, Director of Island Operations

[Resolution Authorizing Coast Guard Utilities Services Contract]

Resolution approving and authorizing the Director of Island Operations to enter into a Utilities Services Contract with the United States Coast Guard.

WHEREAS, Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (the "Base"), which is currently owned by the United States of America; and,

WHEREAS, The Base was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, On March 12, 1997, the City and County of San Francisco ("City") and the United States Navy entered into the Base Caretaker Cooperative Agreement ("Cooperative Agreement") for the management and operation of the Base, including the operation and maintenance of the water, wastewater, stormwater, electric and gas utility systems on the Base; and,

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City; and,

WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Act"), the California legislature (i) designated the

Authority as a redevelopment agency under California redevelopment law with authority over the Base upon approval of the City's Board of Supervisors, and, (ii) with respect to those portions of the Base which are subject to the Tidelands Trust, vested in the Authority the authority to administer the public trust for commerce, navigation and fisheries as to such property; and,

WHEREAS, The Board of Supervisors approved the designation of the Authority as a redevelopment agency with powers over Treasure Island in Resolution No. 43-98, dated February 6, 1998; and,

WHEREAS, On November 9, 1998, the Board of Supervisors adopted Resolution No. 938098, authorizing the Authority to enter into the Cooperative Agreement and assume City's obligations thereunder; and,

WHEREAS, On October 1, 2000, the Cooperative Agreement was amended by Modification No. P00013, to delegate to the Authority, as the Base Caretaker, the responsibility for the purchase of all electricity, natural gas and water consumed on Treasure Island and Yerba Buena Island and to enter into Utilities Service Contracts with Federal users as required; and,

WHEREAS, The Authority and the US Coast Guard have entered into successive contracts for the provision of utilities to the Coast Guard Station on Yerba Buena Island, with the current contract expiring November 30, 2008; and,

WHEREAS, The US Coast Guard has requested to enter into a Utilities Service Contract (the "Contract") with the Authority for the provision of utilities for the period December 1, 2008 through November 30, 2009, at the uniform rates adopted by the Authority Board; and,

WHEREAS, Utilities commodities purchasing, operation and maintenance responsibilities have been work ordered by the Authority to the San Francisco Public Utilities

Commission ("SFPUC") and the Authority consults with the SFPUC in setting the uniform utility rates; and,

WHEREAS, Under the proposed Contract, the SFPUC would bill the Coast Guard directly, and the Coast Guard would pay the SFPUC, for all utilities services provided under the Contract; now, therefore, be it

RESOLVED, That the Authority Board of Directors hereby approves and authorizes the Director of Island Operations to execute the Contract between the Authority and the US Coast Guard for the period from December 1, 2008 through November 30, 2009, in substantially the form of agreement attached hereto as Exhibit A; and, be it

FURTHER RESOLVED, That the Board of Directors hereby authorizes the Director of Island Operations or her designee to enter into any additions, amendments or other modifications to the Contract that the Director of Island Operations or her designee determines in consultation with the City Attorney are in the best interests of the Authority, that do not materially increase the obligations or liabilities of the Authority, that do not materially reduce the rights of the Authority, and are necessary or advisable to complete the preparation and approval of the Contract, such determination to be conclusively evidenced by the execution and delivery by the Director of Island Operations or her designee of the documents and any amendments thereto.

////

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on October 22, 2008.

John Elberling, Secretary

HSCG89-09-R-LBLU01
Yerba Buena Island, Utilities

Page 1 of 24

SOLICITATION/CONTRACT/ORDER FOR COMMERCIAL ITEMS OFFEROR TO COMPLETE BLOCKS 12, 17, 23, 24 & 30				1. REQUISITION NUMBER 2309319LBLU01		PAGE 1 of 24	
2. CONTRACT NUMBER		3. AWARD/EFFECTIVE DATE		4. ORDER NUMBER		5. SOLICITATION NUMBER HSCG89-09-R-LBLU01	
6. SOLICITATION ISSUE DATE SEPT 25, 2008		7. FOR SOLICITATION INFORMATION CALL: ▶		8. OFFER DUE DATE/LOCAL TIME OCT 31, 2008, 1400 PT		9. ISSUED BY CODE	
10. THIS ACQUISITION IS UNRESTRICTED ☐ SET-ASIDE: 100 % FOR ☐ SMALL BUSINESS HUBZONE SMALL BUSINESS ☐ 8(A) ☒ SOLE SOURCE NAICS: 221111 SIZE STANDARD: NTE FOUR MILLION MEGAWATT HRS		11. DELIVERY FOR FOB Destination UNLESS BOX IS MARKED ☐ SEE SCHEDULE		12. DISCOUNT TERMS		13a. THIS CONTRACT IS RATED ORDER UNDER DPAS (15 CFR 700)	
13b. RATING		14. METHOD OF SOLICITATION ☐ RFQ ☐ IFB ☒ RFP		15. DELIVER TO SEE ATTACHED CODE		16. ADMINISTERED BY SAME AS ISSUED BY CODE	
17. CONTRACTOR/ OFFEROR CODE		18a. PAYMENT WILL BE MADE BY CODE		18b. SUBMIT INVOICES TO ADDRESS SHOWN IN BLOCK 18a UNLESS BELOW IS CHECKED ☐ SEE ADDENDUM		19. ITEM NO.	
20. SCHEDULE OF SUPPLIES/SERVICES		21. QUANTITY		22. UNIT		23. UNIT PRICE	
24. AMOUNT		25. ACCOUNTING AND APPROPRIATION DATA		26. TOTAL AWARD AMOUNT (For Govt. Use Only)		27a. SOLICITATION INCORPORATES BY REFERENCE FAR 52.212-1, 52.212-4. FAR 52.212-3 AND 52.212-5 ARE ATTACHED. ADDENDA ☒ ARE ☐ ARE NOT ATTACHED.	
27b. CONTRACT/PURCHASE ORDER INCORPORATES BY REFERENCE FAR 52.212-4. FAR 52.212-5 IS ATTACHED. ADDENDA ☐ ARE ☐ ARE NOT ATTACHED.		28. CONTRACTOR IS REQUIRED TO SIGN THIS DOCUMENT AND RETURN 1 COPIES TO THE ISSUING OFFICE. CONTRACTOR AGREES TO FURNISH AND DELIVER ALL ITEMS SET FORTH OR OTHERWISE IDENTIFIED ABOVE AND ON ANY ADDITIONAL SHEETS SUBJECT TO THE TERMS AND CONDITIONS SPECIFIED HEREIN.		29. AWARD OF CONTRACT: REF. OFFER DATED. YOUR OFFER ON SOLICITATION (BLOCK 5), INCLUDING ANY ADDITIONS OR CHANGES WHICH ARE SET FORTH HEREIN IS ACCEPTED AS TO ITEMS.		30a. SIGNATURE OF OFFEROR/CONTRACTOR	
30b. NAME AND TITLE OF SIGNER (TYPE OR PRINT)		30c. DATE SIGNED		31a. UNITED STATES OF AMERICA (SIGNATURE OF CONTRACTING OFFICER)		31b. NAME OF CONTRACTING OFFICER (TYPE OR PRINT)	
31c. DATE SIGNED		31d. DATE SIGNED		31e. DATE SIGNED		31f. DATE SIGNED	

AUTHORIZED FOR LOCAL REPRODUCTION
STANDARD FORM 1449 (Revised 4/2002)
PREVIOUS EDITION IS NOT USEABLE
Prescribed by GSA FAR (48CFR) 53.212

**CONTINUANCE OF SF 1449 BLOCKS 19-24
SCHEDULE OF SUPPLIES/SERVICES**

BASE TERM: December 01, 2008 – November 30, 2009

CLINs 0001AA through 0003AD are for non-personal services for gas, electricity, water, and sewer as defined in the Cooperative Agreement No. N62474-97-2-003 P00001, Functional Annex 6 – Utility Services between the City and County of San Francisco (a Municipal Corporation) and the United States Navy. Payments will be in accordance with the amounts of actual Coast Guard usage. All services shall be performed in accordance with Functional Annex 6 and the terms and conditions of the solicitation/contract at Yerba Buena Island, California. The Contractor shall provide electricity, water, sewer, and gas utility services at Yerba Buena Island for U.S. Coast Guard's Sector San Francisco, Vessel Traffic Services San Francisco, Flag & Senior Officers Quarters A,B,C,8&9.

<u>CLIN NO.</u>	<u>SCHEDULE OF SUPPLIES/SERVICES</u>	<u>EST QTY</u>	<u>UNIT</u>	<u>UNIT PRICE</u>	<u>AMOUNT</u>
0001	Sector San Francisco				
0001AA	Electricity	2434	MWHR	\$142.75	\$347,453.50
0001AB	Water	4644	KGAL	\$5.40	\$25,077.60
0001AC	Sewer	4644	KGAL	\$5.75	\$26,703.00
	(Sewer rate represents 100% of water usage.)				

Total for Contract Line Item Number 0001AA through 0001AC

\$399,234.10

<u>CLIN NO.</u>	<u>SCHEDULE OF SUPPLIES/SERVICES</u>	<u>EST QTY</u>	<u>UNIT</u>	<u>UNIT PRICE</u>	<u>AMOUNT</u>
0002	Vessel Traffic Service San Francisco				
0002AA	Electricity	300	MWHR	\$142.75	\$42,825.00
0002AB	Water	164	KGAL	\$5.40	\$885.60
0002AC	Sewer	164	KGAL	\$5.75	\$943.00
	(Sewer rate represents 100% of water usage.)				

Total for Contract Line Item Number 0002AA through 0002AC

\$44,653.60

<u>CLIN NO.</u>	<u>SCHEDULE OF SUPPLIES/SERVICES</u>	<u>EST QTY</u>	<u>UNIT</u>	<u>UNIT PRICE</u>	<u>AMOUNT</u>
0003	Flag & Senior Officers Quarters: A,B,C, 8& 9				
0003AA	Electricity	105	MWHR	\$142.75	\$14,988.75
0003AB	Water	3420	KGAL	\$5.40	\$18,468.00
0003AC	Sewer (Sewer rate represents 100% of water usage.)	3420	KGAL	\$5.75	\$19,665.00
0003AD	Gas	104	MCF	.86	\$ 89.44

Total for Contract Line Item Number 0003AA through 0003AD

\$53,211.19

Total for Contract Line Numbers 0001AA through 0003AD

\$497,098.89

I. ADDENDUM TO FAR 52.212-4 (Feb 2007) CONTRACT TERMS AND CONDITIONS – COMMERCIAL ITEMS

a. Paragraph (g) Invoice: The Contractor shall submit no more than one invoice per month. Invoices for usage/recurring service charges shall be submitted to:

Original: Utilities/Telephones
USCG Finance Center
P.O.Box 4109
Chesapeake, VA 23327-4109

Copies: Send one appropriate copy to the following:

**SECTOR SAN FRANCISCO &
VESSEL TRAFFIC SERVICE**
Yerba Buena Island, Bldg 1
San Francisco, CA 94130-5000

FLAG/SENIOR QUARTERS
ISC Comptroller
Coast Guard Island, Bldg. 42
Alameda, CA 94501-5100

Important: Insert Contract Number on ALL correspondence.

The following is provided for informational purposes only, refer to Clause 52.212-4 Contract Terms and Conditions – Commercial Items for specifics. **Offerors are advised that FAR 52.212-1 Instructions to Offerors – Commercial Items, and FAR 52.212-4 Contract Terms and Conditions are incorporated by reference in block 27a of the SF1449 of this solicitation**

Mandatory CCR Registration. The U.S. Coast Guard uses the Central Contractor Registration (CCR) System run by the Department of Defense for making contractor payments. In order to receive payments, all contractors must be registered in this System. For more information on CCR, and to register on-line, you may visit the CCR website at: <http://www.ccr.gov>

Inquiries regarding payment should be directed to the Customer Service Representative, USCG Finance Center at (800-564-5504) or e-mail: cscall@fincen.uscg.mil

b. (p) Limitation of Liability, is revised to read:
LIABILITY

a. The Contractor shall be liable for and shall at all times defend, indemnify and hold harmless the Government, its officers, enlisted personnel, agents and employees from and against any all loss, damage or injury, including property damage, personal injury and death, which may be sustained by any person or persons, whether they be employees, agents, or representatives of the parties hereto, or third persons, as a result of the Contractor's negligence in the performance of this contract. The Contractor also shall be liable for and shall at all times defend, indemnify and hold harmless the Government, its officers, enlisted personnel, agents and employees from and against any and all public or private environmental claims or liabilities incident to this contract and shall include but not be limited to civil and criminal penalties, natural resource damages, response costs, cleanup and remediation, damage to Government and third party property, and any other third party liability. Conditions or activities giving rise to the aforesaid liabilities which occurred prior to the onset of this contract

are not subject to this indemnification except to the extent of Contractor's actions caused the exacerbation or worsening of such pre-existing conditions.

b. In the event any such claim or demand is made upon the Government, its officers, enlisted personnel, agents or employees, or in the event any suit therefore is instituted, the Government shall give immediate notice of such claim or suit to the Contractor and will refrain from any payment or demand with respect to such claim or suit without first allowing the Contractor a reasonable opportunity to resolve the claim. The Contractor's liability under this clause shall include reimbursement to the Government, its officers, enlisted personnel, agents and employees for any judgments, payments or litigation expenses occasioned to them in connection with claims, demands or suits of which notice has been given by the Government.

c. The Contractor releases the Government, its officers, enlisted personnel, agents and employees from any liability for any loss, damage or injury, which may be sustained by the Contractor in the performance of this contract.

d. Notwithstanding any other provisions of this clause, the Contractor shall not be liable for or required to defend, indemnify, hold harmless or release the Government, its officers, enlisted personnel, agents and employees for any judgment, payments or expenses arising out of and to the extent of the negligence, willful misconduct or criminal acts of the Government, its officers, enlisted personnel, agents or employees.

52.212-5 CONTRACT TERMS AND CONDITIONS REQUIRED TO IMPLEMENT STATUTES OR EXECUTIVE ORDERS—COMMERCIAL ITEMS. (JUNE 2008)

(a) The Contractor shall comply with the following Federal Acquisition Regulation (FAR) clauses, which are incorporated in this contract by reference, to implement provisions of law or Executive orders applicable to acquisitions of commercial items:

(1) 52.233-3, Protest After Award (Aug 1996) (31 U.S.C. 3553).

(2) 52.233-4, Applicable Law for Breach of Contract Claim (Oct 2004) (Pub. L. 108-77, 108-78)

(b) The Contractor shall comply with the FAR clauses in this paragraph (b) that the Contracting Officer has indicated as being incorporated in this contract by reference to implement provisions of law or Executive orders applicable to acquisitions of commercial items:

[Contracting Officer check as appropriate.]

X (1) 52.203-6, Restrictions on Subcontractor Sales to the Government (Sept 2006), with Alternate I (Oct 1995) (41 U.S.C. 253g and 10 U.S.C. 2402).

— (2) 52.219-3, Notice of Total HUBZone Set-Aside (Jan 1999) (15 U.S.C. 657a).

— (3) 52.219-4, Notice of Price Evaluation Preference for HUBZone Small Business Concerns (JULY 2005) (if the offeror elects to waive the preference, it shall so indicate in its offer) (15 U.S.C. 657a).

— (4) [Reserved]

— (5)(i) 52.219-6, Notice of Total Small Business Set-Aside (June 2003) (15 U.S.C. 644).

— (ii) Alternate I (Oct 1995) of 52.219-6.

— (iii) Alternate II (Mar 2004) of 52.219-6.

- ___ (6)(i) 52.219-7, Notice of Partial Small Business Set-Aside (June 2003) (15 U.S.C. 644).
- ___ (ii) Alternate I (Oct 1995) of 52.219-7.
- ___ (iii) Alternate II (Mar 2004) of 52.219-7.
- X_ (7) 52.219-8, Utilization of Small Business Concerns (May 2004) (15 U.S.C. 637(d)(2) and (3)).
- ___ (8)(i) 52.219-9, Small Business Subcontracting Plan (Apr 2008) (15 U.S.C. 637(d)(4)).
- ___ (ii) Alternate I (Oct 2001) of 52.219-9.
- ___ (iii) Alternate II (Oct 2001) of 52.219-9.
- ___ (9) 52.219-14, Limitations on Subcontracting (Dec 1996) (15 U.S.C. 637(a)(14)).
- ___ (10) 52.219-16, Liquidated Damages—Subcontracting Plan (Jan 1999) (15 U.S.C. 637(d)(4)(F)(i)).
- ___ (11)(i) 52.219-23, Notice of Price Evaluation Adjustment for Small Disadvantaged Business Concerns (SEPT 2005) (10 U.S.C. 2323) (if the offeror elects to waive the adjustment, it shall so indicate in its offer).
- ___ (ii) Alternate I (June 2003) of 52.219-23.
- ___ (12) 52.219-25, Small Disadvantaged Business Participation Program—Disadvantaged Status and Reporting (Apr 2008) (Pub. L. 103-355, section 7102, and 10 U.S.C. 2323).
- ___ (13) 52.219-26, Small Disadvantaged Business Participation Program—Incentive Subcontracting (Oct 2000) (Pub. L. 103-355, section 7102, and 10 U.S.C. 2323).
- ___ (14) 52.219-27, Notice of Total Service-Disabled Veteran-Owned Small Business Set-Aside (May 2004) (15 U.S.C. 657 f).
- X_ (15) 52.219-28, Post Award Small Business Program Rerepresentation (June 2007) (15 U.S.C. 632(a)(2)).
- X_ (16) 52.222-3, Convict Labor (June 2003) (E.O. 11755).
- ___ (17) 52.222-19, Child Labor—Cooperation with Authorities and Remedies (Feb 2008) (E.O. 13126).
- X_ (18) 52.222-21, Prohibition of Segregated Facilities (Feb 1999).
- X_ (19) 52.222-26, Equal Opportunity (Mar 2007) (E.O. 11246).
- X_ (20) 52.222-35, Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (Sept 2006) (38 U.S.C. 4212).
- X_ (21) 52.222-36, Affirmative Action for Workers with Disabilities (Jun 1998) (29 U.S.C. 793).
- X_ (22) 52.222-37, Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (Sept 2006) (38 U.S.C. 4212).
- X_ (23) 52.222-39, Notification of Employee Rights Concerning Payment of Union Dues or Fees (Dec 2004) (E.O. 13201).
- X_ (24)(i) 52.222-50, Combating Trafficking in Persons (Aug 2007) (Applies to all contracts).
- ___ (ii) Alternate I (Aug 2007) of 52.222-50.
- ___ (25)(i) 52.223-9, Estimate of Percentage of Recovered Material Content for EPA-Designated Items (May 2008) (42 U.S.C. 6962(c)(3)(A)(ii)).
- ___ (ii) Alternate I (May 2008) of 52.223-9 (42 U.S.C. 6962(i)(2)(C)).
- ___ (26) 52.223-15, Energy Efficiency in Energy-Consuming Products (DEC 2007) (42 U.S.C. 8259b).
- ___ (27)(i) 52.223-16, IEEE 1680 Standard for the Environmental Assessment of Personal Computer Products (Dec 2007) (E.O. 13423).
- ___ (ii) Alternate I (DEC 2007) of 52.223-16.

- (28) 52.225-1, Buy American Act—Supplies (June 2003) (41 U.S.C. 10a-10d).
 - (29)(i) 52.225-3, Buy American Act—Free Trade Agreements—Israeli Trade Act (Aug 2007) (41 U.S.C. 10a-10d, 19 U.S.C. 3301 note, 19 U.S.C. 2112 note, Pub. L 108-77, 108-78, 108-286, 109-53 and 109-169).
 - (ii) Alternate I (Jan 2004) of 52.225-3.
 - (iii) Alternate II (Jan 2004) of 52.225-3.
 - (30) 52.225-5, Trade Agreements (Nov 2007) (19 U.S.C. 2501, *et seq.*, 19 U.S.C. 3301 note).
 - (31) 52.225-13, Restrictions on Certain Foreign Purchases (June 2008) (E.O.'s, proclamations, and statutes administered by the Office of Foreign Assets Control of the Department of the Treasury).
 - (32) 52.226-4, Notice of Disaster or Emergency Area Set-Aside (Nov 2007) (42 U.S.C. 5150).
 - (33) 52.226-5, Restrictions on Subcontracting Outside Disaster or Emergency Area (Nov 2007) (42 U.S.C. 5150).
 - (34) 52.232-29, Terms for Financing of Purchases of Commercial Items (Feb 2002) (41 U.S.C. 255(f), 10 U.S.C. 2307(f)).
 - (35) 52.232-30, Installment Payments for Commercial Items (Oct 1995) (41 U.S.C. 255(f), 10 U.S.C. 2307(f)).
 - **X** (36) 52.232-33, Payment by Electronic Funds Transfer—Central Contractor Registration (Oct 2003) (31 U.S.C. 3332).
 - (37) 52.232-34, Payment by Electronic Funds Transfer—Other than Central Contractor Registration (May 1999) (31 U.S.C. 3332).
 - (38) 52.232-36, Payment by Third Party (May 1999) (31 U.S.C. 3332).
 - (39) 52.239-1, Privacy or Security Safeguards (Aug 1996) (5 U.S.C. 552a).
 - (40)(i) 52.247-64, Preference for Privately Owned U.S.-Flag Commercial Vessels (Feb 2006) (46 U.S.C. Appx. 1241(b) and 10 U.S.C. 2631).
 - (ii) Alternate I (Apr 2003) of 52.247-64.
- (c) The Contractor shall comply with the FAR clauses in this paragraph (c), applicable to commercial services, that the Contracting Officer has indicated as being incorporated in this contract by reference to implement provisions of law or Executive orders applicable to acquisitions of commercial items:
- [Contracting Officer check as appropriate.]
- (1) 52.222-41, Service Contract Act of 1965 (Nov 2007) (41 U.S.C. 351, *et seq.*).
 - (2) 52.222-42, Statement of Equivalent Rates for Federal Hires (May 1989) (29 U.S.C. 206 and 41 U.S.C. 351, *et seq.*).
 - (3) 52.222-43, Fair Labor Standards Act and Service Contract Act—Price Adjustment (Multiple Year and Option Contracts) (Nov 2006) (29 U.S.C. 206 and 41 U.S.C. 351, *et seq.*).
 - (4) 52.222-44, Fair Labor Standards Act and Service Contract Act—Price Adjustment (Feb 2002) (29 U.S.C. 206 and 41 U.S.C. 351, *et seq.*).
 - (5) 52.222-51, Exemption from Application of the Service Contract Act to Contracts for Maintenance, Calibration, or Repair of Certain Equipment—Requirements (Nov 2007) (41 U.S.C. 351, *et seq.*).
 - (6) 52.222-53, Exemption from Application of the Service Contract Act to Contracts for Certain Services—Requirements (Nov 2007) (41 U.S.C. 351, *et seq.*).
 - (7) 52.237-11, Accepting and Dispensing of \$1 Coin (Aug 2007) (31 U.S.C. 5112(p)(1)).

(d) *Comptroller General Examination of Record.* The Contractor shall comply with the provisions of this paragraph (d) if this contract was awarded using other than sealed bid, is in excess of the simplified acquisition threshold, and does not contain the clause at 52.215-2, Audit and Records—Negotiation.

(1) The Comptroller General of the United States, or an authorized representative of the Comptroller General, shall have access to and right to examine any of the Contractor's directly pertinent records involving transactions related to this contract.

(2) The Contractor shall make available at its offices at all reasonable times the records, materials, and other evidence for examination, audit, or reproduction, until 3 years after final payment under this contract or for any shorter period specified in FAR Subpart 4.7, Contractor Records Retention, of the other clauses of this contract. If this contract is completely or partially terminated, the records relating to the work terminated shall be made available for 3 years after any resulting final termination settlement. Records relating to appeals under the disputes clause or to litigation or the settlement of claims arising under or relating to this contract shall be made available until such appeals, litigation, or claims are finally resolved.

(3) As used in this clause, records include books, documents, accounting procedures and practices, and other data, regardless of type and regardless of form. This does not require the Contractor to create or maintain any record that the Contractor does not maintain in the ordinary course of business or pursuant to a provision of law.

(e)(1) Notwithstanding the requirements of the clauses in paragraphs (a), (b), (c), and (d) of this clause, the Contractor is not required to flow down any FAR clause, other than those in paragraphs (i) through (vii) of this paragraph in a subcontract for commercial items. Unless otherwise indicated below, the extent of the flow down shall be as required by the clause—

(i) 52.219-8, Utilization of Small Business Concerns (May 2004) (15 U.S.C. 637(d)(2) and (3)), in all subcontracts that offer further subcontracting opportunities. If the subcontract (except subcontracts to small business concerns) exceeds \$550,000 (\$1,000,000 for construction of any public facility), the subcontractor must include 52.219-8 in lower tier subcontracts that offer subcontracting opportunities.

(ii) 52.222-26, Equal Opportunity (Mar 2007) (E.O. 11246).

(iii) 52.222-35, Equal Opportunity for Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (Sept 2006) (38 U.S.C. 4212).

(iv) 52.222-36, Affirmative Action for Workers with Disabilities (June 1998) (29 U.S.C. 793).

(v) 52.222-39, Notification of Employee Rights Concerning Payment of Union Dues or Fees (Dec 2004) (E.O. 13201).

(vi) 52.222-41, Service Contract Act of 1965 (Nov 2007) (41 U.S.C. 351, *et seq.*).

(vii) 52.222-50, Combating Trafficking in Persons (Aug 2007) (22 U.S.C. 7104(g)). Flow down required in accordance with paragraph (f) of FAR clause 52.222-50.

(viii) 52.222-51, Exemption from Application of the Service Contract Act to Contracts for Maintenance, Calibration, or Repair of Certain Equipment-Requirements (Nov 2007) (41 U.S.C. 351, *et seq.*).

(ix) 52.222-53, Exemption from Application of the Service Contract Act to Contracts for Certain Services-Requirements (Nov 2007) (41 U.S.C. 351, *et seq.*).

(x) 52.247-64, Preference for Privately Owned U.S.-Flag Commercial Vessels (Feb 2006) (46 U.S.C. Appx. 1241(b) and 10 U.S.C. 2631). Flow down required in accordance with paragraph (d) of FAR clause 52.247-64.

(2) While not required, the contractor may include in its subcontracts for commercial items a minimal number of additional clauses necessary to satisfy its contractual obligations.

II. THE FOLLOWING ADDITIONAL CLAUSES ARE INCORPORATED IN FULL TEXT.

52.241-3 Scope and Duration of Contract. (Feb 1995)

- (a) For the period On December 1, 2008 and not to exceed November 30, 2009, the Contractor agrees to furnish and the Government agrees to purchase Electricity, Water, Sewer, and Gas Utility Services in accordance with the applicable tariff(s), rules, and regulations as approved by the applicable governing regulatory body and as set forth in the contract.
- (b) It is expressly understood that neither the Contractor nor the Government is under any obligation to continue any service under the terms and conditions of this contract beyond the expiration date.
- (c) The Contractor shall provide the Government with one complete set of rates, terms, and conditions of service which are in effect as of the date of this contract and any subsequently approved rates.
- (d) The Contractor shall be paid at the applicable rate(s) under the tariff and the Government shall be liable for the minimum monthly charge, if any, specified in this contract commencing with the period in which service is initially furnished and continuing for the term of this contract. Any minimum monthly charge specified in this contract shall be equitably prorated for the periods in which commencement and termination of this contract become effective.

52.241-6 Service Provisions. (Feb 1995)

(a) *Measurement of service.*

- (1) All service furnished by the Contractor shall be measured by suitable metering equipment of standard manufacture, to be furnished, installed, maintained, repaired, calibrated, and read by the Contractor at its expense. When more than a single meter is installed at a service location, the readings thereof may be billed conjunctively, if appropriate. In the event any meter fails to register (or registers incorrectly) the service furnished, the parties shall agree upon the length of time of meter malfunction and the quantity of service delivered during such period of time. An appropriate adjustment shall be made to the next invoice for the purpose of correcting such errors. However, any meter which registers not more than 5%__ percent slow or fast shall be deemed correct.
- (2) The Contractor shall read all meters at periodic intervals of approximately 30 days or in accordance with the policy of the cognizant regulatory body or applicable bylaws. All billings based on meter readings of less than 30 days shall be prorated accordingly.
- (b) *Meter test.*
- (1) The Contractor, at its expense, shall periodically inspect and test Contractor-installed meters at intervals not exceeding 1 year(s). The

Government has the right to have representation during the inspection and test.

(2) At the written request of the Contracting Officer, the Contractor shall make additional tests of any or all such meters in the presence of Government representatives. The cost of such additional tests shall be borne by the Government if the percentage of errors is found to be not more than 5% percent slow or fast.

(3) No meter shall be placed in service or allowed to remain in service which has an error in registration in excess of 10% percent under normal operating conditions.

(c) *Change in volume or character.* Reasonable notice shall be given by the Contracting Officer to the Contractor regarding any material changes anticipated in the volume or characteristics of the utility service required at each location.

(d) *Continuity of service and consumption.* The Contractor shall use reasonable diligence to provide a regular and uninterrupted supply of service at each service location, but shall not be liable for damages, breach of contract or otherwise, to the Government for failure, suspension, diminution, or other variations of service occasioned by or in consequence of any cause beyond the control of the Contractor, including but not limited to acts of God or of the public enemy, fires, floods, earthquakes, or other catastrophe, strikes, or failure or breakdown of transmission or other facilities. If any such failure, suspension, diminution, or other variation of service shall aggregate more than 24 hour(s) during any billing period hereunder, an equitable adjustment shall be made in the monthly billing specified in this contract (including the minimum monthly charge).

52.241-7 Change in Rates or Terms and Conditions of Service for Regulated Services. (Feb 1995)

- (a) This clause applies to the extent services furnished under this contract are subject to regulation by a regulatory body. The Contractor agrees to give 30 day written notice of (1) the filing of an application for change in rates or terms and conditions of service concurrently with the filing of the application and (2) any changes pending with the regulatory body as of the date of contract award. Such notice shall fully describe the proposed change. If, during the term of this contract, the regulatory body having jurisdiction approves any changes, the Contractor shall forward to the Contracting Officer a copy of such changes within 15 days after the effective date thereof. The Contractor agrees to continue furnishing service under this contract in accordance with the amended tariff, and the Government agrees to pay for such service at the higher or lower rates as of the date when such rates are made effective.

- (b) The Contractor agrees that throughout the life of this contract the applicable published and unpublished rate schedule(s) shall not be in excess of the lowest cost published and unpublished rate schedule(s) available to any other customers of the same class under similar conditions of use and service.
- (c) In the event that the regulatory body promulgates any regulation concerning matters other than rates which affects this contract, the Contractor shall immediately provide a copy to the Contracting Officer. The Government shall not be bound to accept any new regulation inconsistent with Federal laws or regulations.
- (d) Any changes to rates or terms and conditions of service shall be made a part of this contract by the issuance of a contract modification unless otherwise specified in the contract. The effective date of the change shall be the effective date by the regulatory body. Any factors not governed by the regulatory body will have an effective date as agreed to by the parties.

52.241-8 Change in Rates or Terms and Conditions of Service for Unregulated Services. (Feb 1995)

- (a) This clause applies to the extent that services furnished hereunder are not subject to regulation by a regulatory body.
- (b) After **December 1, 2008**, either party may request a change in rates or terms and conditions of service, unless otherwise provided in this contract. Both parties agree to enter in negotiations concerning such changes upon receipt of a written request detailing the proposed changes and specifying the reasons for the proposed changes.
- (c) The effective date of any change shall be as agreed to by the parties. The Contractor agrees that throughout the life of this contract the rates so negotiated will not be in excess of published and unpublished rates charged to any other customer of the same class under similar terms and conditions of use and service.
- (d) The failure of the parties to agree upon any change after a reasonable period of time shall be a dispute under the Disputes clause of this contract.
- (e) Any changes to rates, terms, or conditions as a result of such negotiations shall be made a part of this contract by the issuance of a contract modification.

52.252-2 Clauses Incorporated by Reference. (Feb 1998)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at this address:

Federal Acquisition Regulation (FAR):

<http://www.arnet.gov/far/>

III. THE FOLLOWING HSAR CLAUSE IS INCORPORATED IN FULL TEXT.
3052.209-70 PROHIBITION ON CONTRACTS WITH CORPORATE
EXPATRIATES
(JUN 2006)

(a) Prohibitions.

Section 835 of the Homeland Security Act, 6 U.S.C. 395, prohibits the Department of Homeland Security from entering into any contract with a foreign incorporated entity which is treated as an inverted domestic corporation as defined in this clause, or with any subsidiary of such an entity. The Secretary shall waive the prohibition with respect to any specific contract if the Secretary determines that the waiver is required in the interest of national security.

(b) Definitions. As used in this clause:

Expanded Affiliated Group means an affiliated group as defined in section 1504(a) of the Internal Revenue Code of 1986 (without regard to section 1504(b) of such Code), except 52-8

that section 1504 of such Code shall be applied by substituting 'more than 50 percent' for 'at least 80 percent' each place it appears.

Foreign Incorporated Entity means any entity which is, or but for subsection (b) of section 835 of the Homeland Security Act, 6 U.S.C. 395, would be, treated as a foreign corporation for purposes of the Internal Revenue Code of 1986.

Inverted Domestic Corporation. A foreign incorporated entity shall be treated as an inverted domestic corporation if, pursuant to a plan (or a series of related transactions)—

(1) The entity completes the direct or indirect acquisition of substantially all of the properties held directly or indirectly by a domestic corporation or substantially all of the properties constituting a trade or business of a domestic partnership;

(2) After the acquisition at least 80 percent of the stock (by vote or value) of the entity is held—

(i) In the case of an acquisition with respect to a domestic corporation, by former shareholders of the domestic corporation by reason of holding stock in the domestic corporation; or

(ii) In the case of an acquisition with respect to a domestic partnership, by former partners of the domestic partnership by reason of holding a capital or profits interest in the domestic partnership; and

(3) The expanded affiliated group which after the acquisition includes the entity does not have substantial business activities in the foreign country in which or under the law of which the entity is created or organized when compared to the total business activities of such expanded affiliated group.

Person, domestic, and foreign have the meanings given such terms by paragraphs (1), (4), and (5) of section 7701(a) of the Internal Revenue Code of 1986, respectively.

(c) Special rules. The following definitions and special rules shall apply when determining whether a foreign incorporated entity should be treated as an inverted domestic corporation.

(1) *Certain Stock Disregarded.* For the purpose of treating a foreign incorporated entity as an inverted domestic corporation these shall not be taken into account in determining ownership:

(i) Stock held by members of the expanded affiliated group which includes the foreign

incorporated entity; or

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(ii) stock of such entity which is sold in a public offering related to the acquisition described in subsection (b)(1) of Section 835 of the Homeland Security Act, 6 U.S.C. 395(b)(1).

(2) *Plan Deemed In Certain Cases.* If a foreign incorporated entity acquires directly or indirectly substantially all of the properties of a domestic corporation or partnership during the 4-year period beginning on the date which is 2 years before the ownership requirements of subsection (b)(2) are met, such actions shall be treated as pursuant to a plan.

(3) *Certain Transfers Disregarded.* The transfer of properties or liabilities (including by contribution or distribution) shall be disregarded if such transfers are part of a plan a principal purpose of which is to avoid the purposes of this section.

(d) *Special Rule for Related Partnerships.* For purposes of applying section 835(b) of the Homeland Security Act, 6 U.S.C. 395(b) to the acquisition of a domestic partnership, except as provided in regulations, all domestic partnerships which are under common control (within the meaning of section 482 of the Internal Revenue Code of 1986) shall be treated as a partnership.

(e) *Treatment of Certain Rights.*

(1) Certain rights shall be treated as stocks to the extent necessary to reflect the present value of all equitable interests incident to the transaction, as follows:

(i) warrants;

(ii) options;

(iii) contracts to acquire stock;

(iv) convertible debt instruments; and

(v) others similar interests.

(2) Rights labeled as stocks shall not be treated as stocks whenever it is deemed appropriate to do so to reflect the present value of the transaction or to disregard transactions whose recognition would defeat the purpose of Section 835.

(f) *Disclosure.* The offeror under this solicitation represents that [Check one]:

___ it is not a foreign incorporated entity that should be treated as an inverted domestic corporation pursuant to the criteria of (HSAR) 48 CFR 3009.104-70 through 3009.104-73;

___ it is a foreign incorporated entity that should be treated as an inverted domestic corporation pursuant to the criteria of (HSAR) 48 CFR 3009.104-70 through 3009.104-73, but it has submitted a request for waiver pursuant to 3009.104-74, which has not been denied; or

___ it is a foreign incorporated entity that should be treated as an inverted domestic corporation pursuant to the criteria of (HSAR) 48 CFR 3009.104-70 through 3009.104-73, but it plans to submit a request for waiver pursuant to 3009.104-74.

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(g) A copy of the approved waiver, if a waiver has already been granted, or the waiver request, if a waiver has been applied for, shall be attached to the bid or proposal.

IV. THE FOLLOWING FEDERAL ACQUISITION REGULATION (FAR) CLAUSES ARE INCORPORATED BY REFERENCE

FAR 52.217-8 OPTION TO EXTEND SERVICES (NOV 1999) 10 days

FAR 52.232-19 AVAILABILITY OF FUNDS FOR THE NEXT FISCAL YEAR (APR 1984)

FAR 52.228-5 INSURANCE – WORK ON A GOVERNMENT INSTALLATION (JAN 1977)

FAR 52.237-2 PROTECTION OF GOVERNMENT BUILDING, EQUIPMENT, AND VEGETATION (APR 1984)

FAR 52.241-2 ORDER OF PRECEDENCE-UTILITIES (FEB 1995)

FAR 52.241-4 CHANGE IN CLASS OF SERVICE (FEB 1995)

FAR 52.241-5 CONTRACTOR'S FACILITIES (FEB 1995)

FAR 52.241-11 MULTIPLE SERVICE LOCATIONS (FEB 1995)

V. THE FOLLOWING DEPARTMENT OF HOMELAND SECURITY REQUISITION REGULATION (HSAR) CLAUSES ARE INCORPORATED BY REFERENCE

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at this address:

Homeland Security Acquisition Regulation (HSAR):

http://www.dhs.gov/interweb/assetlibrary/cpo_hsar_finalrule.pdf

3052.223-90 Accident and Fire Reporting (DEC 2003)

3052.228-70 Insurance (DEC 2003)

3052.242-71 Dissemination of Contract Information. (DEC 2003)

3052.242-72 Contracting Officer's Technical Representative. (DEC 2003)

VI. OTHER INCORPORATED CONTRACTUAL PROVISIONS AND CLAUSES:

1. CONTRACT ADMINISTRATION

The Contracting Officer or the authorized representative location at the Maintenance and Logistics Command Pacific (f) Coast Guard Island, Bldg. 54C, Alameda, CA 94501-5100, telephone number (510) 437-3844 will be the Contract Administrator for this Contract.

2. ADDRESS FOR ALL CORRESPONDENCE

Commander (f)

Maintenance and Logistics Command Pacific

Attention: Mary Myers

Coast Guard Island, Bldg. 54C

Alameda, CA 94501-5100

3. **NOTE:** Include contract number on all correspondence.

4. **SPECIAL NOTE:**

The Offeror must complete and return the original solicitation documents, in particular the following: (1) Standard Form 1449, (sign and date blocks 30 a., b., and c.); (2) Addendum Schedule of Supplies/Services; (3) FAR 52.212-3 "Offeror Representations and Certifications – Commercial Items" (fill-in all appropriate blocks).

5. **OPTION TO EXTEND THE CONTRACT SUBJECT TO THE AVAILABILITY OF FUNDS:**

The U.S. Coast Guard may unilaterally exercise its option to extend the contract for an additional period of NTE 6 months under FAR 52.217-8 Option to Extend Services, which is subject to Availability of Funds clause, FAR 52.232-18.

6. **LIASON**

The following individuals are Technical Points of Contract (POC) for the various utilities:

a. **SENIOR OFFICER'S QUARTERS**

Leo Manipon, 510-769-0831, X117

b. **SECTOR SAN FRANCISCO for OPERATIONS & VESSELS TRAFFIC**

Chief Omar Alvarez, (415) 399-3472

7. **SAFETY**

During the execution of work, CCSF shall conform to the rules and regulations as set forth by OSHA Safety and Health Standards, 29 CFR Part 1926 – Safety and Health Regulations for Construction and Title 8, California Administrative Code – Construction Standards. When the standards differ, the more restrictive standard shall apply.

8. **SECURITY MEASURES**

Contractor Employees and Visitors Access to Government Facilities:

All personnel employed by the Contractor (including subcontractors) in the performance of this contract or any representative of the Contractor entering the Government installation, shall abide by all applicable security regulations and shall be subject to such security checks as may be deemed necessary to the Government. The Government reserves the right to direct the contractor to remove from performance under this contract any employee for misconduct or security reasons. This will not relieve the Contractor from contract performance or result in any equitable adjustment to the contract. Contractor employees shall not receive visitors without the expressed permission of the Contracting Officer or the Contracting Officer's Technical Representative (COTR).

9. **REFERENCE DRAWINGS**

The drawings listed below are included by reference only and will be made available by the COTR upon request. They are known not to accurately reflect all existing conditions.

Number	Title
EFA West C104378	Coast Guard Parcel Map (Note 1)
PWC 17,659	Water Distribution System
PWC 108,618	Sanitary Distribution System
PWC 108,619	Gas Distribution System

10. BASE DRIVING REQUIREMENTS

To drive on a Government installation, the Contractor's employee must have vehicle registration, a valid state driver's license and automobile insurance as required.

11. LICENSES AND PERMITS

The Contractor shall be responsible for obtaining any necessary licenses and permit.

VII. LIST OF ATTACHMENTS

1. Cooperative Agreement, Functional Annex 6, Utility Services
2. List of Utility Meters

52.212-3 Offeror Representations and Certifications—Commercial Items. (JUNE 2008)

An offeror shall complete only paragraph (b) of this provision if the offeror has completed the annual representations and certifications electronically at <http://orca.bpn.gov>. If an offeror has not completed the annual representations and certifications electronically at the ORCA website, the offeror shall complete only paragraphs (c) through (m) of this provision.

(a) *Definitions.* As used in this provision—

"Emerging small business" means a small business concern whose size is no greater than 50 percent of the numerical size standard for the NAICS code designated.

"Forced or indentured child labor" means all work or service—

(1) Exacted from any person under the age of 18 under the menace of any penalty for its nonperformance and for which the worker does not offer himself voluntarily; or

(2) Performed by any person under the age of 18 pursuant to a contract the enforcement of which can be accomplished by process or penalties.

"Manufactured end product" means any end product in Federal Supply Classes (FSC) 1000-9999, except—

- (1) FSC 5510, Lumber and Related Basic Wood Materials;
- (2) Federal Supply Group (FSG) 87, Agricultural Supplies;
- (3) FSG 88, Live Animals;
- (4) FSG 89, Food and Related Consumables;
- (5) FSC 9410, Crude Grades of Plant Materials;
- (6) FSC 9430, Miscellaneous Crude Animal Products, Inedible;
- (7) FSC 9440, Miscellaneous Crude Agricultural and Forestry Products;
- (8) FSC 9610, Ores;
- (9) FSC 9620, Minerals, Natural and Synthetic; and
- (10) FSC 9630, Additive Metal Materials.

"Place of manufacture" means the place where an end product is assembled out of components, or otherwise made or processed from raw materials into the finished product that is to be provided to the

Government. If a product is disassembled and reassembled, the place of reassembly is not the place of manufacture.

"Restricted business operations" means business operations in Sudan that include power production activities, mineral extraction activities, oil-related activities, or the production of military equipment, as those terms are defined in the Sudan Accountability and Divestment Act of 2007 (Pub. L. 110-174). Restricted business operations do not include business operations that the person conducting the business can demonstrate—

(1) Are conducted under contract directly and exclusively with the regional government of southern Sudan;

(2) Are conducted pursuant to specific authorization from the Office of Foreign Assets Control in the Department of the Treasury, or are expressly exempted under Federal law from the requirement to be conducted under such authorization;

(3) Consist of providing goods or services to marginalized populations of Sudan;

(4) Consist of providing goods or services to an internationally recognized peacekeeping force or humanitarian organization;

(5) Consist of providing goods or services that are used only to promote health or education; or

(6) Have been voluntarily suspended.

"Service-disabled veteran-owned small business concern"—

(1) Means a small business concern—

(i) Not less than 51 percent of which is owned by one or more service-disabled veterans or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more service-disabled veterans; and

(ii) The management and daily business operations of which are controlled by one or more service-disabled veterans or, in the case of a service-disabled veteran with permanent and severe disability, the spouse or permanent caregiver of such veteran.

(2) Service-disabled veteran means a veteran, as defined in 38 U.S.C. 101(2), with a disability that is service-connected, as defined in 38 U.S.C. 101(16).

"Small business concern" means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on Government contracts, and qualified as a small business under the criteria in 13 CFR Part 121 and size standards in this solicitation.

"Veteran-owned small business concern" means a small business concern—

(1) Not less than 51 percent of which is owned by one or more veterans (as defined at 38 U.S.C. 101(2)) or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more veterans; and

(2) The management and daily business operations of which are controlled by one or more veterans.

"Women-owned business concern" means a concern which is at least 51 percent owned by one or more women; or in the case of any publicly owned business, at least 51 percent of its stock is owned by one or more women; and whose management and daily business operations are controlled by one or more women.

"Women-owned small business concern" means a small business concern—

(1) That is at least 51 percent owned by one or more women; or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and

(1) Whose management and daily business operations are controlled by one or more women.

(b)

(1) *Annual Representations and Certifications.* Any changes provided by the offeror in paragraph (b)(2) of this provision do not automatically change the representations and certifications posted on the Online Representations and Certifications Application (ORCA) website.

(2) The offeror has completed the annual representations and certifications electronically via the ORCA website at <http://orca.bpn.gov>. After reviewing the ORCA database information, the offeror verifies by submission of this offer that the representations and certifications currently posted electronically at FAR 52.212-3, Offeror Representations and Certifications—Commercial Items, have been entered or updated in the last 12 months, are current, accurate, complete, and applicable to this solicitation (including the business

size standard applicable to the NAICS code referenced for this solicitation), as of the date of this offer and are incorporated in this offer by reference (see FAR 4.1201), except for paragraphs _____.

[Offeror to identify the applicable paragraphs at (c) through (m) of this provision that the offeror has completed for the purposes of this solicitation only, if any.]

These amended representation(s) and/or certification(s) are also incorporated in this offer and are current, accurate, and complete as of the date of this offer.

Any changes provided by the offeror are applicable to this solicitation only, and do not result in an update to the representations and certifications posted on ORCA.]

(c) Offerors must complete the following representations when the resulting contract will be performed in the United States or its outlying areas. Check all that apply.

(1) *Small business concern.* The offeror represents as part of its offer that it ☐ is, ☐ is not a small business concern.

(2) *Veteran-owned small business concern.* *[Complete only if the offeror represented itself as a small business concern in paragraph (c)(1) of this provision.]* The offeror represents as part of its offer that it ☐ is, ☐ is not a veteran-owned small business concern.

(3) *Service-disabled veteran-owned small business concern.* *[Complete only if the offeror represented itself as a veteran-owned small business concern in paragraph (c)(2) of this provision.]* The offeror represents as part of its offer that it ☐ is, ☐ is not a service-disabled veteran-owned small business concern.

(4) *Small disadvantaged business concern.* *[Complete only if the offeror represented itself as a small business concern in paragraph (c)(1) of this provision.]* The offeror represents, for general statistical purposes, that it ☐ is, ☐ is not a small disadvantaged business concern as defined in 13 CFR 124.1002.

(5) *Women-owned small business concern.* *[Complete only if the offeror represented itself as a small business concern in paragraph (c)(1) of this provision.]* The offeror represents that it ☐ is, ☐ is not a women-owned small business concern.

Note: Complete paragraphs (c)(6) and (c)(7) only if this solicitation is expected to exceed the simplified acquisition threshold.

(6) *Women-owned business concern (other than small business concern).* *[Complete only if the offeror is a women-owned business concern and did not represent itself as a small business concern in paragraph (c)(1) of this provision.]* The offeror represents that it ☐ is a women-owned business concern.

(7) *Tie bid priority for labor surplus area concerns.* If this is an invitation for bid, small business offerors may identify the labor surplus areas in which costs to be incurred on account of manufacturing or production (by offeror or first-tier subcontractors) amount to more than 50 percent of the contract price: _____

(8) **Small Business Size for the Small Business Competitiveness Demonstration Program and for the Targeted Industry Categories under the Small Business Competitiveness Demonstration Program.** *[Complete only if the offeror has represented itself to be a small business concern under the size standards for this solicitation.]*

(i) *[Complete only for solicitations indicated in an addendum as being set-aside for emerging small businesses in one of the designated industry groups (DIGs).]* The offeror represents as part of its offer that it ☐ is, ☐ is not an emerging small business.

(ii) *[Complete only for solicitations indicated in an addendum as being for one of the targeted industry categories (TICs) or designated industry groups (DIGs).]* Offeror represents as follows:

(A) Offeror's number of employees for the past 12 months (check the Employees column if size standard stated in the solicitation is expressed in terms of number of employees); or

(B) Offeror's average annual gross revenue for the last 3 fiscal years (check the Average Annual Gross Number of Revenues column if size standard stated in the solicitation is expressed in terms of annual receipts).

(Check one of the following):

Number of Employees Average Annual Gross Revenues

☐ 50 or fewer

☐ \$1 million or less

☐ 51–100

☐ \$1,000,001–\$2 million

☐ 101-250	☐ \$2,000,001-\$3.5 million
☐ 251-500	☐ \$3,500,001-\$5 million
☐ 501-750	☐ \$5,000,001-\$10 million
☐ 751-1,000	☐ \$10,000,001-\$17 million
☐ Over 1,000	☐ Over \$17 million

(9) *[Complete only if the solicitation contains the clause at FAR 52.219-23, Notice of Price Evaluation Adjustment for Small Disadvantaged Business Concerns, or FAR 52.219-25, Small Disadvantaged Business Participation Program—Disadvantaged Status and Reporting, and the offeror desires a benefit based on its disadvantaged status.]*

(i) *General.* The offeror represents that either—

(A) It ☐ is, ☐ is not certified by the Small Business Administration as a small disadvantaged business concern and identified, on the date of this representation, as a certified small disadvantaged business concern in the database maintained by the Small Business Administration (PRO-Net), and that no material change in disadvantaged ownership and control has occurred since its certification, and, where the concern is owned by one or more individuals claiming disadvantaged status, the net worth of each individual upon whom the certification is based does not exceed \$750,000 after taking into account the applicable exclusions set forth at 13 CFR 124.104(c)(2); or

(B) It ☐ has, ☐ has not submitted a completed application to the Small Business Administration or a Private Certifier to be certified as a small disadvantaged business concern in accordance with 13 CFR 124, Subpart B, and a decision on that application is pending, and that no material change in disadvantaged ownership and control has occurred since its application was submitted.

(ii) ☐ *Joint Ventures under the Price Evaluation Adjustment for Small Disadvantaged Business Concerns.* The offeror represents, as part of its offer, that it is a joint venture that complies with the requirements in 13 CFR 124.1002(f) and that the representation in paragraph (c)(9)(i) of this provision is accurate for the small disadvantaged business concern that is participating in the joint venture. *[The offeror shall enter the name of the small disadvantaged business concern that is participating in the joint venture: _____.]*

(10) *HUBZone small business concern.* *[Complete only if the offeror represented itself as a small business concern in paragraph (c)(1) of this provision.]* The offeror represents, as part of its offer, that—

(i) It ☐ is, ☐ is not a HUBZone small business concern listed, on the date of this representation, on the List of Qualified HUBZone Small Business Concerns maintained by the Small Business Administration, and no material change in ownership and control, principal office, or HUBZone employee percentage has occurred since it was certified by the Small Business Administration in accordance with 13 CFR Part 126; and

(ii) It ☐ is, ☐ is not a joint venture that complies with the requirements of 13 CFR Part 126, and the representation in paragraph (c)(10)(i) of this provision is accurate for the HUBZone small business concern or concerns that are participating in the joint venture. *[The offeror shall enter the name or names of the HUBZone small business concern or concerns that are participating in the joint venture: _____.]* Each HUBZone small business concern participating in the joint venture shall submit a separate signed copy of the HUBZone representation.

(d) Representations required to implement provisions of Executive Order 11246—

(1) Previous contracts and compliance. The offeror represents that—

(i) It ☐ has, ☐ has not participated in a previous contract or subcontract subject to the Equal Opportunity clause of this solicitation; and

(ii) It ☐ has, ☐ has not filed all required compliance reports.

(2) *Affirmative Action Compliance.* The offeror represents that—

(i) It ☐ has developed and has on file, ☐ has not developed and does not have on file, at each establishment, affirmative action programs required by rules and regulations of the Secretary of Labor (41 cfr parts 60-1 and 60-2); or

(ii) It ☐ has not previously had contracts subject to the written affirmative action programs requirement of the rules and regulations of the Secretary of Labor.

(e) *Certification Regarding Payments to Influence Federal Transactions* (31 U.S.C. 1352). (Applies only if the contract is expected to exceed \$100,000.) By submission of its offer, the offeror certifies to the best of its knowledge and belief that no Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress or an employee of a Member of Congress on his or her behalf in connection with the award of any resultant contract. If any registrants under the Lobbying Disclosure Act of 1995 have made a lobbying contact on behalf of the offeror with respect to this contract, the offeror shall complete and submit, with its offer, OMB Standard Form LLL, Disclosure of Lobbying Activities, to provide the name of the registrants. The offeror need not report regularly employed officers or employees of the offeror to whom payments of reasonable compensation were made.

(f) *Buy American Act Certificate*. (Applies only if the clause at Federal Acquisition Regulation (FAR) 52.225-1, Buy American Act—Supplies, is included in this solicitation.)

(1) The offeror certifies that each end product, except those listed in paragraph (f)(2) of this provision, is a domestic end product and that the offeror has considered components of unknown origin to have been mined, produced, or manufactured outside the United States. The offeror shall list as foreign end products those end products manufactured in the United States that do not qualify as domestic end products. The terms "component," "domestic end product," "end product," "foreign end product," and "United States" are defined in the clause of this solicitation entitled "Buy American Act—Supplies."

(2) Foreign End Products:

Line Item No.	Country of Origin
---------------	-------------------

[List as necessary]

(3) The Government will evaluate offers in accordance with the policies and procedures of FAR Part 25.

(g)(1) *Buy American Act—Free Trade Agreements—Israeli Trade Act Certificate*. (Applies only if the clause at FAR 52.225-3, Buy American Act—Free Trade Agreements—Israeli Trade Act, is included in this solicitation.)

(i) The offeror certifies that each end product, except those listed in paragraph (g)(1)(ii) or (g)(1)(iii) of this provision, is a domestic end product and that the offeror has considered components of unknown origin to have been mined, produced, or manufactured outside the United States. The terms "Bahrainian or Moroccan end product," "component," "domestic end product," "end product," "foreign end product," "Free Trade Agreement country," "Free Trade Agreement country end product," "Israeli end product," and "United States" are defined in the clause of this solicitation entitled "Buy American Act—Free Trade Agreements—Israeli Trade Act."

(ii) The offeror certifies that the following supplies are Free Trade Agreement country end products (other than Bahrainian or Moroccan end products) or Israeli end products as defined in the clause of this solicitation entitled "Buy American Act—Free Trade Agreements—Israeli Trade Act":

Free Trade Agreement Country End Products (Other than Bahrainian or Moroccan End Products) or Israeli End Products:

Line Item No.	Country of Origin
---------------	-------------------

[List as necessary]

(iii) The offeror shall list those supplies that are foreign end products (other than those listed in paragraph (g)(1)(ii) of this provision) as defined in the clause of this solicitation entitled "Buy American Act—Free Trade Agreements—Israeli Trade Act." The offeror shall list as other foreign end products those end products manufactured in the United States that do not qualify as domestic end products.

Other Foreign End Products:

Line Item No. Country of Origin

[List as necessary]

(iv) The Government will evaluate offers in accordance with the policies and procedures of FAR Part 25.

(2) *Buy American Act—Free Trade Agreements—Israeli Trade Act Certificate, Alternate I.* If Alternate I to the clause at FAR 52.225-3 is included in this solicitation, substitute the following paragraph (g)(1)(ii) for paragraph (g)(1)(ii) of the basic provision:

(g)(1)(ii) The offeror certifies that the following supplies are Canadian end products as defined in the clause of this solicitation entitled "Buy American Act—Free Trade Agreements—Israeli Trade Act":
Canadian End Products:

Line Item No.

[List as necessary]

(3) *Buy American Act—Free Trade Agreements—Israeli Trade Act Certificate, Alternate II.* If Alternate II to the clause at FAR 52.225-3 is included in this solicitation, substitute the following paragraph (g)(1)(ii) for paragraph (g)(1)(ii) of the basic provision:

(g)(1)(ii) The offeror certifies that the following supplies are Canadian end products or Israeli end products as defined in the clause of this solicitation entitled "Buy American Act—Free Trade Agreements—Israeli Trade Act":
Canadian or Israeli End Products:

Line Item No. Country of Origin

[List as necessary]

(4) *Trade Agreements Certificate.* (Applies only if the clause at FAR 52.225-5, Trade Agreements, is included in this solicitation.)

(i) The offeror certifies that each end product, except those listed in paragraph (g)(4)(ii) of this provision, is a U.S.-made or designated country end product, as defined in the clause of this solicitation entitled "Trade Agreements."

(ii) The offeror shall list as other end products those end products that are not U.S.-made or designated country end products.

Other End Products:

Line Item No. Country of Origin

[List as necessary]

(iii) The Government will evaluate offers in accordance with the policies and procedures of FAR Part 25. For line items covered by the WTO GPA, the Government will evaluate offers of U.S.-made or designated country end products without regard to the restrictions of the Buy American Act. The Government will consider for award only offers of U.S.-made or designated country end products unless the Contracting Officer determines that there are no offers for such products or that the offers for such products are insufficient to fulfill the requirements of the solicitation.

(h) *Certification Regarding Responsibility Matters (Executive Order 12689)*. (Applies only if the contract value is expected to exceed the simplified acquisition threshold.) The offeror certifies, to the best of its knowledge and belief, that the offeror and/or any of its principals—

(1) ☐ Are, ☐ are not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency;

(2) ☐ Have, ☐ have not, within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a Federal, state or local government contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, violating Federal criminal tax laws, or receiving stolen property;

(3) ☐ Are, ☐ are not presently indicted for, or otherwise criminally or civilly charged by a Government entity with, commission of any of these offenses enumerated in paragraph (h)(2) of this clause; and

(4) ☐ Have, ☐ have not, within a three-year period preceding this offer, been notified of any delinquent Federal taxes in an amount that exceeds \$3,000 for which the liability remains unsatisfied.

(i) Taxes are considered delinquent if both of the following criteria apply:

(A) *The tax liability is finally determined.* The liability is finally determined if it has been assessed. A liability is not finally determined if there is a pending administrative or judicial challenge. In the case of a judicial challenge to the liability, the liability is not finally determined until all judicial appeal rights have been exhausted.

(B) *The taxpayer is delinquent in making payment.* A taxpayer is delinquent if the taxpayer has failed to pay the tax liability when full payment was due and required. A taxpayer is not delinquent in cases where enforced collection action is precluded.

(ii) *Examples.*

(A) The taxpayer has received a statutory notice of deficiency, under I.R.C. §6212, which entitles the taxpayer to seek Tax Court review of a proposed tax deficiency. This is not a delinquent tax because it is not a final tax liability. Should the taxpayer seek Tax Court review, this will not be a final tax liability until the taxpayer has exercised all judicial appeal rights.

(B) The IRS has filed a notice of Federal tax lien with respect to an assessed tax liability, and the taxpayer has been issued a notice under I.R.C. §6320 entitling the taxpayer to request a hearing with the IRS Office of Appeals contesting the lien filing, and to further appeal to the Tax Court if the IRS determines to sustain the lien filing. In the course of the hearing, the taxpayer is entitled to contest the underlying tax liability because the taxpayer has had no prior opportunity to contest the liability. This is not a delinquent tax because it is not a final tax liability. Should the taxpayer seek tax court review, this will not be a final tax liability until the taxpayer has exercised all judicial appeal rights.

(C) The taxpayer has entered into an installment agreement pursuant to I.R.C. §6159. The taxpayer is making timely payments and is in full compliance with the agreement terms. The taxpayer is not delinquent because the taxpayer is not currently required to make full payment.

(D) The taxpayer has filed for bankruptcy protection. The taxpayer is not delinquent because enforced collection action is stayed under 11 U.S.C. §362 (the Bankruptcy Code).

(i) *Certification Regarding Knowledge of Child Labor for Listed End Products (Executive Order 13126).* [The Contracting Officer must list in paragraph (j)(1) any end products being acquired under this solicitation that are included in the List of Products Requiring Contractor Certification as to Forced or Indentured Child Labor, unless excluded at 22.1503(b).]

(1) *Listed end products.*

Listed End Product Listed Countries of Origin

(2) *Certification.* [If the Contracting Officer has identified end products and countries of origin in paragraph (j)(1) of this provision, then the offeror must certify to either (i)(2)(i) or (i)(2)(ii) by checking the appropriate block.]

[] (i) The offeror will not supply any end product listed in paragraph (i)(1) of this provision that was mined, produced, or manufactured in the corresponding country as listed for that product.

[] (ii) The offeror may supply an end product listed in paragraph (i)(1) of this provision that was mined, produced, or manufactured in the corresponding country as listed for that product. The offeror certifies that it has made a good faith effort to determine whether forced or indentured child labor was used to mine, produce, or manufacture any such end product furnished under this contract. On the basis of those efforts, the offeror certifies that it is not aware of any such use of child labor.

(j) *Place of manufacture.* (Does not apply unless the solicitation is predominantly for the acquisition of manufactured end products.) For statistical purposes only, the offeror shall indicate whether the place of manufacture of the end products it expects to provide in response to this solicitation is predominantly—

(1) ☐ In the United States (Check this box if the total anticipated price of offered end products manufactured in the United States exceeds the total anticipated price of offered end products manufactured outside the United States); or

(2) ☐ Outside the United States.

(k) *Certificates regarding exemptions from the application of the Service Contract Act.* (Certification by the offeror as to its compliance with respect to the contract also constitutes its certification as to compliance by its subcontractor if it subcontracts out the exempt services.) [The contracting officer is to check a box to indicate if paragraph (k)(1) or (k)(2) applies.]

[] (1) Maintenance, calibration, or repair of certain equipment as described in FAR 22.1003-4(c)(1).

The offeror ☐ does ☐ does not certify that—

(i) The items of equipment to be serviced under this contract are used regularly for other than Governmental purposes and are sold or traded by the offeror in substantial quantities to the general public in the course of normal business operations;

(ii) The services will be furnished at prices which are, or are based on, established catalog or market prices (see FAR 22.1003-4(c)(2)(ii)) for the maintenance, calibration, or repair of such equipment; and

(iii) The compensation (wage and fringe benefits) plan for all service employees performing work under the contract will be the same as that used for these employees and equivalent employees servicing the same equipment of commercial customers.

[] (2) Certain services as described in FAR 22.1003-4(d)(1). The offeror ☐ does ☐ does not certify that—

(i) The services under the contract are offered and sold regularly to non-Governmental customers, and are provided by the offeror (or subcontractor in the case of an exempt subcontract) to the general public in substantial quantities in the course of normal business operations;

(ii) The contract services will be furnished at prices that are, or are based on, established catalog or market prices (see FAR 22.1003-4(d)(2)(iii));

(iii) Each service employee who will perform the services under the contract will spend only a small portion of his or her time (a monthly average of less than 20 percent of the available hours on an annualized basis, or less than 20 percent of available hours during the contract period if the contract period is less than a month) servicing the Government contract; and

(iv) The compensation (wage and fringe benefits) plan for all service employees performing work under the contract is the same as that used for these employees and equivalent employees servicing commercial customers.

(3) If paragraph (k)(1) or (k)(2) of this clause applies—

(i) If the offeror does not certify to the conditions in paragraph (k)(1) or (k)(2) and the Contracting Officer did not attach a Service Contract Act wage determination to the solicitation, the offeror shall notify the Contracting Officer as soon as possible; and

(ii) The Contracting Officer may not make an award to the offeror if the offeror fails to execute the certification in paragraph (k)(1) or (k)(2) of this clause or to contact the Contracting Officer as required in paragraph (k)(3)(i) of this clause.

(l) *Taxpayer Identification Number (TIN)* (26 U.S.C. 6109, 31 U.S.C. 7701). (Not applicable if the offeror is required to provide this information to a central contractor registration database to be eligible for award.)

(1) All offerors must submit the information required in paragraphs (l)(3) through (l)(5) of this provision to comply with debt collection requirements of 31 U.S.C. 7701(c) and 3325(d), reporting requirements of 26 U.S.C. 6041, 6041A, and 6050M, and implementing regulations issued by the Internal Revenue Service (IRS).

(2) The TIN may be used by the Government to collect and report on any delinquent amounts arising out of the offeror's relationship with the Government (31 U.S.C. 7701(c)(3)). If the resulting contract is subject to the payment reporting requirements described in FAR 4.904, the TIN provided hereunder may be matched with IRS records to verify the accuracy of the offeror's TIN.

(3) *Taxpayer Identification Number (TIN).*

- ☐ TIN: _____.
- ☐ TIN has been applied for.
- ☐ TIN is not required because:
- ☐ Offeror is a nonresident alien, foreign corporation, or foreign partnership that does not have income effectively connected with the conduct of a trade or business in the United States and does not have an office or place of business or a fiscal paying agent in the United States;
- ☐ Offeror is an agency or instrumentality of a foreign government;
- ☐ Offeror is an agency or instrumentality of the Federal Government.

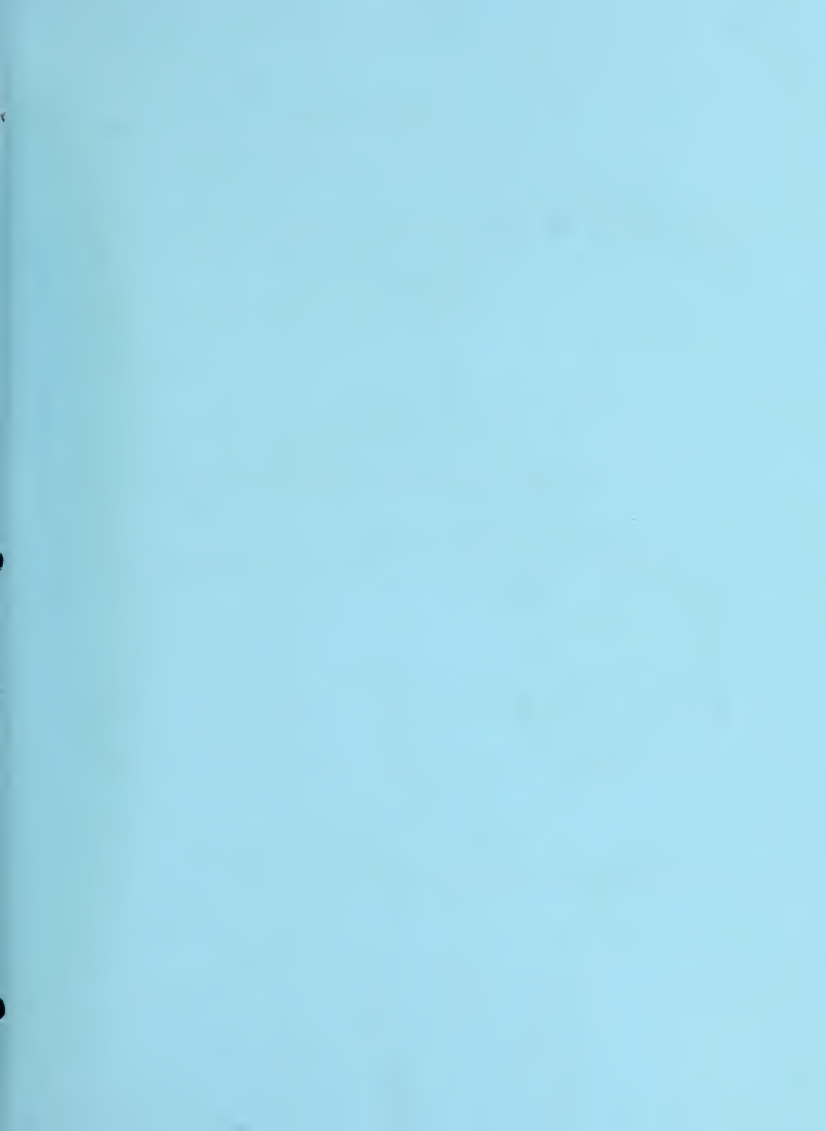
(4) *Type of organization.*

- ☐ Sole proprietorship;
- ☐ Partnership;
- ☐ Corporate entity (not tax-exempt);
- ☐ Corporate entity (tax-exempt);
- ☐ Government entity (Federal, State, or local);
- ☐ Foreign government;
- ☐ International organization per 26 CFR 1.6049-4;
- ☐ Other _____.

(5) *Common parent.*

- ☐ Offeror is not owned or controlled by a common parent;
- ☐ Name and TIN of common parent:
Name _____.
TIN _____.

(m) *Restricted business operations in Sudan.* By submission of its offer, the offeror certifies that it does not conduct any restricted business operations in Sudan.



AGENDA ITEM 8J
Treasure Island Development Authority
City and County of San Francisco
Meeting of November 22, 2008

Subject: Resolution Authorizing the Thirty First Amendment to the Treasure Island Land and Structures Master Lease between the Authority and the Navy to Add Building 202 to the Leased Premises (*Action Item*)

Contact Mirian Saez, Director of Island Operations
Phone (415) 274-0660

BACKGROUND

On November 19, 1998, the Authority entered into a lease agreement with the United States Navy (Lease Number (N6247499RP42P12) (the "Master Lease"). The Lease Premises include certain facilities, including land leased to San Francisco Little League, several facilities in the Authority's commercial leasing portfolio as well as areas that are subleased to Rubicon Enterprises to support landscape operations on Treasure Island and Yerba Buena Island. The Authority does not pay any base rent under the Master Lease.

The Authority requests the addition of Building 202, located at Avenue H and 10th Street on Treasure Island, to the Land and Structures Master Lease Premises. Building 202 is a former Navy facility suitable for reuse.

RECOMMENDATION

Project Staff recommends that the Authority agree to amend the Land and Structures Master Lease Agreement N6247499RP42P12 to expand the Premises to include Building 202 located at the corner of Avenue H and 10th Street.

Exhibit A: Thirty First Amendment to Land and Structures Master Lease between the Authority and the United States Navy

Prepared by Peter Summerville, Leasing Manager
for Mirian Saez, Director Island Operations

[Amendment to Land and Structures Master Lease]

RESOLUTION AUTHORIZING THE THIRTY-FIRST AMENDMENT TO THE TREASURE ISLAND LAND AND STRUCTURES MASTER LEASE BETWEEN THE AUTHORITY AND THE NAVY TO AMEND THE PREMESIS TO ADD BUILDING 202

WHEREAS, The Treasure Island Development Authority ("Authority") and the United States of America, acting by and through the Department of the Navy (the "Navy"), entered into a master lease dated November 19, 1999, for the Authority to use and rent out certain land and structures in certain areas of Treasure Island (the "Land and Structures Master Lease") at no rent; and,

WHEREAS, The Land and Structures Master Lease enables the Authority to sublease portions of the master leased area for interim uses and generate revenues to support the interim uses and the future redevelopment of the former Naval Station Treasure Island; and,

WHEREAS, The current term of the Land and Structures Master Lease expires on November 30, 2009; and,

WHEREAS, The Authority wishes to enter a Thirty-First Amendment to the Land and Structures Master Lease to Expand the Premises to include Building 202 on former Naval Station Treasure Island, in substantially the form attached hereto as Exhibit A; and

WHEREAS, the Navy concurs with this Amendment; now therefore be it

RESOLVED, That the Board of Directors hereby authorizes the Director of Island Operations to enter into the Thirty-First Amendment to the Land and Structures Master Lease in substantially the form attached hereto as Exhibit A; and be it

FURTHER RESOLVED, That the Board of Directors hereby authorizes the Director of Island Operations to enter into any additions, amendments or other modifications to the Sublease that the Director of Island Operations determines in consultation with the City Attorney are in the best interests of the Authority, that do not materially increase the

obligations or liabilities of the Authority, that do not materially reduce the rights of the Authority, and are necessary or advisable to complete the preparation and approval of the Sublease, such determination to be conclusively evidenced by the execution and delivery by the Director of Island Operations of the documents and any amendments thereto.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed special meeting on October 22, 2008.

John Elberling, Secretary

THIRYFIRST AMENDMENT
TO LEASE AGREEMENT N6247499RP42P12
BETWEEN
THE UNITED STATES OF AMERICA
AND
TREASURE ISLAND DEVELOPMENT AUTHORITY

THIS LEASE AMENDMENT made this _____ day of _____ 2008, by and between the UNITED STATES OF AMERICA, acting by and through the Department of the Navy, hereinafter called the "Government", and the TREASURE ISLAND DEVELOPMENT AUTHORITY, hereinafter called the "Lessee";

WHEREAS, the parties hereto, as of 19 November 1998, entered into Lease Agreement N6247499RP42P12 under the terms of which the Lessee uses certain real property for space located at the former Naval Station, Treasure Island; and

WHEREAS, the parties agree to amend the terms of the Lease Agreement.

NOW THEREFORE, in consideration of the terms, covenants and conditions hereinafter set forth; the following paragraphs to Lease N6247499RP42P12 are hereby amended to reflect the following changes;

1. Paragraph 34 SPECIAL PROVISIONS:

INSERT to EXHIBIT C:

"Final Finding of Suitability to Lease Reuse Zone 5B, Parcels T051, T061, T062, T084, T085, T086, T087, T088, T089, T090, T091, and T092, at Naval Station Treasure Island, San Francisco, California, June 1999. As shown in Exhibit "C-2" attached hereto and made part hereof."

2. Paragraph 1 LEASED PREMISES, add the following:

"Use of Building 202 and associated lot as shown in Exhibit A-13, attached hereto and made a part hereof."

All other terms and conditions of the Lease Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have, on the respective dates set forth above duly executed this amendment to the Lease as of the day and year first above written.

UNITED STATES OF AMERICA

TREASURE ISLAND DEVELOPMENT
AUTHORITY

Title _____

Title _____

APPROVED AS TO FORM:

CITY ATTORNEY



AGENDA ITEM 9
Treasure Island Development Authority
City and County of San Francisco
Meeting of October 22, 2008

Subject: Informational Presentation to update the Authority Board of Directors concerning the progress of the Joint Venture Pilot Program for Event Venues Management.

Contact: Richard A. Rovetti, Deputy Director of Real Estate

Phone: 415-274-3365

BACKGROUND

For over one year, the Treasure Island Homeless Development Initiative, a California nonprofit corporation ("TIHDI"), Toolworks, a California nonprofit corporation, and Wine Valley, Inc., a California corporation doing business as Wine Valley Catering (hereafter collectively referred to as the Joint Venture ("JV")), have been involved in a pilot program for the management of events at four locations on Treasure Island, namely the Casa de la Vista, Building 265 (the Library), the Chapel, and the Lobby of the Main Administration Building (Building 1).

The JV pilot program was formulated in furtherance of the Base Closure Homeless Assistance Agreement and Option to Lease Property (the "Homeless Assistance Agreement") for Treasure Island. Federal base closure law applicable to Treasure Island requires that the Local Reuse Authority for a closed military base propose a plan for using base resources to assist homeless persons as part of the strategic land use plan for development outlined in the Reuse Plan for the base. The Homeless Assistance Agreement was negotiated with TIHDI and included as part of the Reuse Plan for Treasure Island that the United States Department of Housing and Urban Development approved on November 26, 1996.

One element of the Homeless Assistance Agreement provides TIHDI with the exclusive right to propose programs for the utilization of three economic development opportunities, which may include the lease of sites to TIHDI member organizations for the operation of business enterprises. The Homeless Assistance Agreement specifically provides that TIHDI member organizations may act in concert with a joint venturer to provide sufficient experience and organizational capability on the part of the member organizations. TIHDI formed the JV with Toolworks, a TIHDI member organization, and Wine Valley Catering, a private firm that TIHDI selected for its expertise in the catering component of the pilot program.

The goals of the pilot program were to increase economic development of Treasure Island and provide employment and job training for homeless, at risk and/or disabled residents of Treasure Island and San Francisco, while increasing event rental revenues for the Treasure Island Development Authority (the "Authority"). The JV has successfully accomplished these goals.

The pilot program began on October 1, 2007 and is scheduled to end November 30, 2008. The JV has exceeded all expectations in bookings for special events on Treasure Island, and has successfully provided employment and job training opportunities. The JV has steadily increased event rentals for the Authority while unilaterally decreasing the Authority's operating expenses to manage, market, and operate these facilities. The Authority projects to realize a cost savings of approximately \$235,000 per year through the establishment of the JV. This number is comprised of a reduction in staff, utility, janitorial, and marketing expenses. Not only has the Authority been able to reduce overhead costs while increasing revenues, the creation of the JV concept has allowed Authority Staff to concentrate and focus on the day to day management and operation of the Island as a whole resulting in an increase in commercial revenues and better customer service for both residential and commercial tenants.

Prior to the establishment of the JV, the Authority through its internal Special Events Coordinator, booked 166 events at the Casa de la Vista, the Chapel, and Building One for the period from December 1, 2006 to November 30, 2008. Since the establishment of the JV, the JV has secured 159 event bookings of these facilities, along with another 66 bookings of the newly renovated Library Event Center and 18 bookings of the Pavilion By The Bay, totaling 243 event sales, for the period from October 1, 2007 through December 31, 2009. The JV has outperformed prior event sales, providing the Authority with \$420,700.00 in event fees; it has provided 28 employment opportunities and training for TIHDI participants; and it has provided the Authority with a three percent (3%) commission of gross food sales totaling \$23,407.93 for the initial pilot period.

Although the current economic environment is at a decline, the JV has successfully been able to sustain venue sales through effective marketing and promotional programs. The Authority expects to be affected in some part by the current economic crises; however, forecasts for fiscal year 2008/2009 suggest no significant decline in the Authority's venue sales. In fact, the JV has booked all Saturday rentals and most of the weekend rentals at the Casa de la Vista through October 2009.

At the November 2008 Authority Board of Directors meeting, Authority staff plans to request that the Authority Board continue with the JV concept and recommend that the Authority Board approve a Sublease with the JV for Parcel A: Casa de la Vista; Parcel B: Building 265 (the Library); Parcel C: The Chapel; Parcel D: Fogwatch Picnic Area; and Parcel E: Lobby of the Main Administration Building (Building 1), including the exclusive right to market, operate, and manage these facilities for the purpose of operating special events. The JV will assume all responsibility for all associated expenses including marketing, utilities, and janitorial of these facilities. The JV will also be responsible for maintenance of the kitchen, flooring and fixtures as they relate to Casa de la Vista and the Library. The Authority will be responsible for all maintenance, landscaping and repair obligations to these facilities excluding the previously mentioned items relating to the Casa de la Vista and the Library.

In consideration of the marketing and promotional event programs provided by the JV, the JV will pay Base Rent based on the number of venue rentals. Therefore, from the period of December 1, 2008 to November 30, 2009, the JV will pay Base Rent as follows: Parcel A: \$3,900.00 per day for each Friday, Saturday, Sunday and Holiday event rental, and \$1,950.00 per

day for each Monday, Tuesday, Wednesday, and Thursday event rental, of the Casa de la Vista; Parcel B: \$2,000.00 per day for each Friday, Saturday, Sunday and Holiday event rental, and \$1,000.00 per day for each Monday, Tuesday, Wednesday, and Thursday event rental, of the Library; Parcel C: \$700.00 per day for each event rental with catering services, and \$1,500.00 per day for each event rental without catering services, of the Chapel; Parcel D: \$500.00 per each day of event rental of the Fogwatch Picnic Area; and Parcel E: \$3,000.00 per day for each Friday, Saturday, Sunday and Holiday event rental, and \$2,000.00 per day for each Monday, Tuesday, Wednesday, and Thursday event rental, of Building One. These event fees will be incorporated into the "Treasure Island Development Authority Event Venue Rate Schedule" as approved by the Authority Board of Directors.

In addition to Base Rent as outlined above, the Authority will receive three percent (3%) of Gross Food and Beverage Sales Revenues. "Gross Food and Beverage Sales Revenues" means the total revenues received by the JV from all food and beverage service provided in, upon or from any venues on Treasure Island or Yerba Buena Island, including, but not limited to, the Premises, and shall include any credit sales, gift certificates or other prepayments and any catering buyout fees. All verifiable 501(c)(3) nonprofit entities, Island residents, active City and County of San Francisco employees, and active military and veterans will receive a 20 % discount on venue and catering fees.

Consistent with other subleases for Treasure Island, the JV Sublease will be for a month to month term expiring on November 30, 2009. Any Sublease extensions will be subject to Authority Board approval in its sole and absolute discretion.

The Casa de la Vista, the Chapel, Fogwatch picnic area, and surrounding areas are in the first phase of redevelopment. According to the Office of Joint Development, a reasonable time period under which the Authority can use this area on an interim basis for special events is in the range of 2-3 years. The current schedule under the Exclusive Negotiating Agreement with Treasure Island Community Development, LLC shows project approvals by December 31, 2009 and infrastructure construction could begin as early as July 2010.

Prepared by: Richard A. Rovetti, Deputy Director of Real Estate
For: Mirian Saez, Director of Island Operations



AGENDA ITEM 10
Treasure Island Development Authority
City and County of San Francisco
Meeting of October 22, 2008

Subject: Informational Presentation of the Draft Policy Governing Temporary Public Display of Art on Treasure and Yerba Buena Islands (Discussion Item)

Contact: Peter Summerville, Leasing Manager/Special Projects Director

Phone: 415-274-0660

BACKGROUND

The Treasure Island Development Authority Board of Directors (Authority Board) requested that Project Staff formulate a plan and set of procedures to govern the installation of works of art in public areas on the Island during the current interim reuse period. Staff has created a Draft Policy and Procedure for Temporary Display of Public Art on Treasure and Yerba Buena Islands (Exhibit A) for Authority Board review and feedback, and will present a Final Policy, incorporating Board comments, to the Board for adoption and approval at a subsequent meeting. Review of policies and procedures of City departments responsible for the placement and display of public art on City property, including the San Francisco Arts Commission and the Port of San Francisco, occurred during formulation of this Draft Policy.

The key points of this Draft Policy are as follows.

Submittal of Proposal for Installation by Artist and Proposal Review Process

All proposals and applications for installation of a work of art (Work) on Treasure Island shall be initiated by a submittal of the "Proposal for Public Art Installation" (Proposal) document (Exhibit B) to the TIDA Project Office (Project Office) for review. Upon receipt, Project Office staff will forward the proposal to designated representatives of the Treasure Island Project Office, San Francisco Arts Commission and the United States Navy Caretaker Site Office. (Panel). These representatives will be able to review the Proposal and comment on the Proposal from a professional artistic standpoint, the appropriateness of its placement in a public setting and the appropriateness of the physical and structural nature of the Proposal with regards to the on-Island location proposed. The feedback and comment will be provided to the Director of Island Operations (DIO) who will have these comments at her disposal when making the final decision on accepting or rejecting the proposal.

While works of art are open to numerous interpretations and are generally subject to the "eye of the beholder", this procedure is meant to allow for an initial level of professional review and input to assure that public art placed on Treasure Island conforms to a basic standard of artistic merit as well as a basic standard of accessibility and appropriateness for public placement. The procedure is meant to provide the DIO with an additional tool for making a final decision whether to accept or reject the Proposal.

If accepted, the DIO will set the time length of the exhibit as well as any additional terms related to the installation, deinstallation and exhibit of the work as deemed necessary based on the specific Proposal. All displays will have a maximum initial term of six months, with shorter terms possible. Additional terms and conditions required by the DIO shall be non-negotiable and adherence to these additional terms shall be a condition of approval of the Proposal. Artists shall be notified in writing by the DIO as to the acceptance or rejection of their Proposals. The DIO will notify the Authority Board of any acceptance at its next regular meeting following approval of the Proposal.

Placement of Public Art and Agreement with Artist

Upon approval of the Proposal, the artist will to enter into a no-cost Use Permit (Permit) with TIDA to allow for placement of the work on the Island for a set period of time. The artist will be responsible for any and all necessary maintenance to the work throughout the term of the Permit, and for assuring a safe and secure work environment throughout the installation and deinstallation process.

Upon execution of the Permit, the artist shall be allowed to install the work and have it displayed at the designated location throughout the term of the Permit. The artist shall arrange a day or set of days when, if requested, he or she will be available to the on-Island schools and community organizations wishing to have a presentation or question and answer session with the artist regarding the work. The Project Office will publicize the work and its public placement and accessibility on Treasure Island, as well as identify the artist responsible for the Work.

Upon expiration of the term of the Permit, the artist shall be expected to deinstall the Work and return the location to the condition in which it was provided, reasonable wear and tear excepted. Extensions of term are anticipated to occur should the Work demonstrate a sizable public interest, or if there are no additional approved Proposals currently awaiting placement after the Work in question. Extension of the term shall be by mutual agreement of both parties, and the extended term shall be for a period determined by the DIO and agreed upon by both parties. The DIO will have the discretion to extend the term for an additional period of time.

Temporary Nature of Public Art Installation

Proposals for installation of works of art on Treasure Island are temporary installations with a determined display length. Temporary art installations placed on Treasure Island under the Policy shall not be considered gifts to TIDA or the City, nor shall the Permit for temporary installation be considered acknowledgment or guarantee of either a longer-term temporary installation nor a guarantee or acknowledgment of the potential incorporation of said Work into the forthcoming Public Art Plan for the redevelopment of former Naval Station Treasure Island. Any such inquires or requests shall not be considered by the TIDA Project Office as part of the temporary public-art program, and instead shall be forwarded to the Office of Joint Development.

Next Steps

A final Policy will be presented to the Authority Board at a subsequent meeting for approval. In addition to any revisions and public comment discussed by the Authority Board at the October

22, 2008 meeting, Project Office staff anticipates the final Policy to include additional language about specifics on height and width limits for and any potential public display requirements imposed by the terms of the TIDA-Navy Master Leases.

Exhibit A: Proposal for Temporary Public Art Installation Draft Form

Exhibit B: Draft Policy for Temporary Public Art Installation on Treasure and Yerba Buena Islands

Prepared by: Peter Summerville, Leasing Manager
For: Mirian Saez, Director of Island Operations

ITEM 10 EXHIBITA

DRAFT PROPOSAL FOR TEMPORARY INSTALLATION
OF PUBLIC ART ON
FORMER NAVAL STATION TREASURE ISLAND

(If necessary, answers to Questions 3 through 6 may be submitted on additional attached pages to allow for longer answers.)

1.) Name of Artist: _____

Address: _____

Phone: _____

E-mail: _____

Name of Work of Art proposed for temporary installation:

2.) Dimensions of Work proposed:

Maximum Height: _____

Maximum Width: _____

Width at Base: _____

Total Weight (incl. display materials): _____

3.) Medium and method of construction and installation (please list all major materials and structural elements either used in the work or necessary for installation and display):

- 4.) a.) Please describe the method and process of installation of the proposed Work and any additional requirements for static display, (including but not limited to any additional equipment, manpower, utilities or other resources necessary) :

- b.) Please list all elements of transport, installation, display and deinstallation of Work which will require outside funding, and indicate the presence of specific funding sources for each element listed:

- 5.) Please list any additional information or background on the Work that you feel is important or necessary to assist in review of this Proposal:

- 6.) Please list up to three of your previous works of art (if any) that have been installed in public areas, including the name of the work and city, state and date of installation:

- 7.) Please attach no less than 3 (three) images of the work to this proposal and return to the address listed below.

**PROPOSALS SUBMITTED WITHOUT IMAGES AND/OR
WITHOUT ALL REQUIRED INFORMATION WILL NOT BE
CONSIDERED AND INSTEAD RETURNED TO THE PROPOSER
IMMEDIATELY.**

Please submit complete proposals to:

Treasure Island Development Authority
Attn: Public Art Program
410 Avenue of the Palms, Bldg. 1, 2nd Floor
Treasure Island
San Francisco, CA 94130

Please direct questions to TIDA Project Office at (415) 274-0660

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ITEM 10 EXHIBIT B

DRAFT

Policy and Procedure for Temporary Public Display of Original Works of Art on Treasure and Yerba Buena Islands

Objective:

In order to foster artistic appreciation and on-Island beautification, the Treasure Island Development Authority (TIDA) shall make available pre-identified areas of unimproved land, outdoor wall space, and indoor wall space located on Treasure and Yerba Buena Islands for the temporary installation and display of original works of art (Work). In consideration of the educational and public beautification benefits inherent in public display of art, TIDA shall designate specific land or wall space for temporary display of original works of art at no use fee to the artist.

Submittal of Proposal:

Artists wishing to display their original Works on Treasure Island shall initially submit to TIDA a "Proposal for Public Art Display" ("Proposal") form and accompanying images of the Work(s) of art proposed for display. The proposal shall be submitted no later than 6 months prior to the proposed installation date. TIDA shall provide initial written confirmation to the artist of receipt of the Proposal.

The Proposal shall include information regarding the medium and method of construction of the Work, the planned method and process of installation, dimensions of the Work, all additional considerations or resources required for installation and display, information regarding any moving parts or mechanical pieces the Work possesses, proposed dates for display, proof of funding and three images of the Work proposed for installation which truthfully represent the dimensions of the Work.

The Proposal shall highlight any funding required for installation and display of the Work as well as the sources of such funding. The Artist shall be responsible for all costs associated with the transport, installation, display and deinstallation of the Work. The Proposal shall be considered incomplete and not eligible for review should it lack any information or not include the required images. Proposals shall not be considered until all required information is provided to TIDA. Proposals shall be received and reviewed in chronological order of receipt by the TIDA office.

Review of Proposal:

Upon receipt of a complete Proposal by TIDA, it shall be submitted for review to a panel comprised of representatives of the San Francisco Arts Commission, the United States Navy Caretaker Site Office and the Treasure Island Project Office (Panel). Additionally, any installation which calls for digging holes, staking or any other groundbreaking which may impact or be in the vicinity of underground utility or irrigation lines shall be subject to review by the Public Utilities Commission and on-Island landscaping representatives.

The Proposal shall be reviewed by this Panel to assess the Work's appropriateness for public viewing by people of all ages and the impact of installation and display on existing infrastructure, lands or facilities at the proposed on-Island location. The Panel shall provide individual feedback and comments on the Proposal no later than three (3) months prior to the proposed installation date.

The Director of Island Operations ("DIO") shall receive the Panel's recommendations or review and make final approval or rejection of the Proposal via written notice to the proposing artist. The DIO shall retain the right to accept or reject the recommendations of the Panel in making the determination to approve or deny the Proposal based on the appropriateness of the Work for public display and its direct and peripheral impact on the Island community, facilities and infrastructure. If several proposals are received simultaneously and subsequently deemed appropriate for approval by the DIO, TIDA Project Staff shall either install several Works at one site, pending approval by all artists involved, or schedule the installations one after the other, with a time period allowing for a fair length of display for the multiple Works in question. In that there are multiple on-Island sites, the determination regarding specific sites for each installation shall be made by the DIO.

Non-Discrimination in Selection Process:

Selection of the Work for public display shall be non-discriminatory in that Artists shall not be selected or rejected on the basis of the fact or perception of the Artist's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), weight, height, association with members of classes protected under Chapter 12C of the Administrative Code of the City and County of San Francisco, or in retaliation for opposition to any practices forbidden under Chapter 12C.

Installation and Display:

Upon approval of the Proposal, the DIO shall report to the Authority Board on the approval of the Proposal and intent to enter into a short-term Use Permit for exhibit of public art, and provide to the Authority Board the name of the artist, location of installation, nature of Work of art and term of installation.

Artist and TIDA shall enter a short-term Use Permit specific to the installation and display of Public Art on former Naval Station Treasure Island for the specific unimproved land or the interior space where the Work is to be installed. The Use Permit will follow the form of the standard TIDA Use Permit document, and shall additionally include sections dealing specifically with the installation, display, maintenance and deinstallation of the specific Work during the entire term of its display on-Island. Variance from the terms of the Use Permit or installation of Works of art not referenced in the Use Permit document shall be deemed cause for default of Use Permit, and shall be cause for TIDA to demand immediate removal of the Work. Additionally, TIDA shall reserve the right to terminate the Use Permit should the

installation area be deemed necessary for immediate critical use by TIDA in furtherance of day-to-day operations on the Island or in response to an emergency or disaster scenario. TIDA shall reserve the right to require an appropriate refundable Security Deposit from the Artist to protect the land or structures from any anticipated damages caused by direct result of the installation, display or deinstallation of the Work.

Use Permits shall have initial terms of no longer than six (6) months, with shorter terms being possible as well. Extension of the initial term of the Use Permit shall be by mutual agreement of the DIO and the Artist. All extensions shall be executed no later than thirty (30) days prior to the expiration of the original Use Permit.

Public Benefit:

During period of installation, Artist shall make all best efforts to be available in a reasonable manner to on-Island schools or community-based organizations wishing to have a presentation made about the artwork and the Artist's background. Artist shall allow TIDA the right to use images and depictions of the Work in a non-commercial manner for the purpose of general promotion and marketing of Treasure and Yerba Buena Islands, and in printed, graphic and on-line materials used to further promotion and marketing of Treasure and Yerba Buena Islands.

Temporary Nature of Installations:

Through the Use Permit process, the Artist shall acknowledge that the installation of the Work is temporary and installation is only guaranteed during the term of the Use Permit. Granting of the Use Permit for temporary public display in no way implies TIDA acceptance of the Work as a gift, or guarantees the Work a permanent or perpetual installation on-Island. Any questions or proposals for long-term installation of public art on-Island as part of the planned redevelopment of former Naval Station Treasure Island shall be directed to the City and County of San Francisco's Office of Joint Development.











TREASURE ISLAND DEVELOPMENT AUTHORITY

410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0880 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND

DRAFT Minutes of Special Meeting
Treasure Island Development Authority
October 22, 2008

San Francisco City Hall
Room 400
San Francisco, CA

1. Call to Order: 1:10 P.M.

Roll Call Present: Owen Stephens, President
Douglas Shoemaker
John Elberling, CFO, Secretary
John Rahaim

Excused: Fred Blackwell
Jared Blemenfeld
Supervisor Chris Daly

DOCUMENTS DEPT.

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2. Director's Report

Ms. Mirian Saez, Director of Island Operations, welcomed Doug Shoemaker as a new Board Director. Besides the Air Show viewers on Fleet Week Saturday, the Alzheimer's Walk people had over 6,000 participants, BMX event hosted about 500 young people, and two weddings brought some 500 more guests to the Island. This was the first year the TI was an official part of Fleet Week. There were vendors on the Great Lawn. There were 17 police officers assisting the traffic flow. On fire prevention measures, fire on Angel Island prompted staff to review procedures as culled from multi-agency debriefing after YBI fire earlier this fall. Issues arose: need for better communication protocol, so now both Director and Peter Summerville are on 911 alerts; two fire hydrants on YBI not working, so notice to PUC to repair - at cost of \$24,000 - has been sent; Coast Guard and TIDA to revisit vegetation plan, so brush is being cleared from 30 to 100 feet and Goats R Us has been contacted to handle steep terrain areas. TIDA made \$1.6 million last fiscal year. Revenues increased by \$134,000 from commercial leases; \$310,000 from Community Benefit Fund that wasn't spent (part of playground fund); \$530 unspent in Capital Improvement; \$205,000 not spent from Navy CAM fund; and approximate \$200,000 from Director's time away and other staff vacancies.

Quality of Life Issues: MUNI won't be delivering new bus shelters until spring; DPW staff instructed to refurbish shelters to get through rainy season. Speed limit signs posted. Coast Guard and TIDA staff working together to address raccoon problem on YBI. JSCo has installed latches

on garbage dumpsters; advice sought from Animal Care & Control. Plans underway for community garden, with emphasis on sustainability.

Reported on TI Music Festival, Oracle event, and Discovery Channel's debut "Prototype This" which is produced by commercial tenant Beyond Productions.

Director mentioned upcoming events including the Triathlon. The President of Ireland will be on Island on December 12, 2008 to dedicate the Gaelic football fields, followed by a luncheon at the Casa.

Director Elberling raised question about possible removal of eucalyptus trees on YBI. Jack Sylvan addressed the plans for the redevelopment. Marc McDonald explained the Vegetation Plan and how it is designed to keep fire low by keeping the tree branches at least 10 feet above ground level. Director Elberling repeated concern about removing trees; Director Saez said Policy would be reviewed.

Director Elberling asked about noise on Oracle event. Director Saez said Seal performed until about 1:00 a.m.

Director Elberling asked about security issues for Exotic Erotic Ball. Director Saez discussed security and bus plans for event.

3. General Public Comment

Ms. Sherry, Williams, TIHDI, extended an invitation to the 10th annual TI Community Day Festival on October 25, 2008.

4. Report by the Office of Joint Development

Mr. Jack Sylvan, Treasure Island Redevelopment Project Manager, reported that the Governor signed both bills that had been submitted. Last month the TIDA Board approved the proposal to amend the survey boundaries of the redevelopment project. The Board of Supervisors has approved it. The Preliminary Plan requesting the Planning Commission to adopt findings related to the selection of the Amended Project Area Boundary and the Amended Preliminary Plan is tentatively scheduled for November.

There has been no agreement reached with the Navy regarding the sale price of the Island. The new administration will look at the issue early next year. Staff will come back to the board with a revised transfer strategy and schedule.

5. Communications

Miriam Saez, Director of Island Operations, referred Directors to the binder. Director Elberling asked about monthly police report, and Director Saez commented that number decreased to two for Island residents. Two others involved the Job Corps.

6. Report by the Treasure Island/Yerba Buena Island Citizens' Advisory Board.

Karen Knowles from CAB reported that one member had to be reinstated because he had missed four meetings. They took a formal action on amendment to add four new resident members from Treasure Island. In September, engineering firm talked about geotech adjustments that needed to be made before redevelopment; it was received favorably.

7. Consent Agenda

Director Elberling asked that two items – Items F and G - be pulled for general discussion. There was no Public Comment on the Consent Agenda.

Director Shoemaker motioned for approval.
Director Elberling seconded the motion.
The Consent Agenda, minus Items F and G, was approved unanimously.

Resolution F: Resolution Approving and Authorizing the Execution of a Memorandum of Understanding with the San Francisco Public Utilities Commission for Adjustment of Utility Rates. Marc McDonald, Treasure Island Development Authority, provided brief history of utility rates on TI and that Navy gave Authority the right to adjust rates. In 2006 the Board gave the Authority the right to work with PUC to adjust rates. Resolution F formalizes this relations; it doesn't increase rates this fiscal year. Director Elberling asked about outstanding liability. Director Saez said Authority was in negotiations with PUC and than an MOU would be presented when completed. The payment should be between \$100,000 and \$200,000 annually. There was no public comment on Item F.
Director Rahaim motioned for approval.
Director Elberling seconded the motion.
The Item was approved unanimously.

Resolution G: Resolution Approving the First Amendment to the Amended and Restated By-Laws of the Treasure Island/Yerba Buena Island Citizens Advisory Board. Michael Tymoff, Treasure Island Redevelopment Project gave the history of this resolution, which stemmed from the bill the governor recently signed. The Department of Elections will oversee the initial election. There was no public comment on Item G.
Director Elberling motioned for approval.
Director Rahaim seconded the motion.
The Item was approved unanimously.

8. Informational Presentation: JV Sublease Extension

Mr. Richard Rovetti, Treasure Island Development Authority, discussed the year-long pilot program initiated by Treasure Island Homeless Development Initiative. He reported that 28 jobs had been created for TIHDI residents. Sherry Williams of TIHDI reported that the joint venture exceeded all expectations and that there was a real commitment – not just a paper commitment – to its success. Sean Williams, one of the employees, thanked Director Saez for creating his opportunity and stated how much he enjoyed going to work and working with his coworkers. Steve Kragle of Toolworks seconded Ms. Williams' sentiments. Mr. Rovetti added that the joint venture increased the revenues while decreasing operating costs for the Authority. Jack Nathanson of Wine Valley Catering echoed the idea that the pilot project was beyond their expectations. He anticipates calendar year 2009 would see more bookings. One idea is to restructure pricing for mid-week events to appeal to companies. Mr. Rovetti said that the Authority will present the formal sublease extension to the Board at its November meeting. Director Rahaim congratulated everyone of the success of the program. Director Elberling asked for a brief update on the status of the Pavilion by the Bay. Mr. Rovetti said that there was an environmental review process, which also included Buildings 7 and 92.
There was no public comment.

9. Informational Presentation: Draft Policy Governing Temporary Public Display of Art on Treasure and Yerba Buena Islands. Peter Summerville of Treasure Island

Development Authority discussed the draft policy and procedures for governing display of temporary art. Director Rahaim thanked Mr. Summerville for the work and asked if this was to encourage requests to exhibit or to have a policy to respond when requests are received. Mr. Summerville stated that it filled both. Director Elberling asked if there were places that were listed as not being appropriate for public art. Mr. Summerville said that there were spots being looked at where it would be appropriate. The Great Lawn was not one of them because of its use for events.

Ruth Gravanis pointed out that the Port provided an excellent model, and stated she appreciated the approval process. Director Saez commented that the Authority did look at the Port's policy – one of many.

10. Possible Closed Session

There was no public comment on the proposed Closed Session.

Director Shoemaker motioned to move to closed session.

Director Rahaim seconded the motion.

The TIDA Board went into Closed Session at 2:15 PM.

Closed Session Attendees:

Jack Sylvan, Office of Joint Development

Peter Holm, Treasure Island Development Authority

Eileen Malley, Office of the City Attorney

Mirian Saez, Director of Island Operations

The TIDA Board returned to Open Session at 2:30 PM.

Director Shoemaker motioned not to disclose the Closed Session discussion.

Director Elberling seconded the motion

The Board unanimously voted not to disclose the Closed Session discussion.

11. Ongoing Business by Directors

There was no discussion.

12. Discussion of future agenda Items by Directors.

There was no discussion.

14. Adjournment

The meeting was adjourned at 2:35 PM.

SPECIAL MEETING
TREASURE ISLAND DEVELOPMENT AUTHORITY
MEETING AGENDA

November 12, 2008 - 6:00 P.M.

Building 265, the "Library"
Avenue of the Palms
Treasure Island

Gavin Newsom, Mayor

DIRECTORS

Owen Stephens, *President*
Fred Blackwell
Jared Blumenfeld

Supervisor Chris Daly (*Ex-Officio*)
John Elberling, *C.F.O., Secretary*
John Rahaim
Douglas Shoemaker

Mirian Saez, Director of Island Operations
Peter Holm, Commission Secretary

ORDER OF BUSINESS

11-07-08F03:14 REV'D

1. Call to Order and Roll Call
2. Presentations
3. Report by Director of Island Operations (*Discussion Item*)
Length of Item: 5 minutes
4. General Public Comment (*Discussion Item*) ****In addition to General Public, Public Comment will be held during each item on the agenda.* ***
Length of Item: 10 minutes
5. Report by Office of Joint Development (*Discussion Item*)
Length of Item: 10 minutes
6. Communications (*Discussion Item*)
Length of Item: 5 minutes
7. Report by the Treasure Island/Yerba Buena Island Citizen's Advisory Board (*Discussion Item*)
Length of Item: 5 minutes

DOCUMENTS DEPT.

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8. **CONSENT AGENDA**
Length of Item: 5 minutes

All matters listed hereunder constitute a Consent Agenda, are considered to be routine by the Treasure Island Development Authority Board and will be acted upon by a single vote of the Authority Board. There will be no separate discussion of these items unless a member of the Authority Board so requests, in which event the matter shall be removed from the Consent Agenda and considered as a separate item.

- a. Approving the Minutes of the September 18, 2008 Special Meeting (*Action Item*)
 - b. Resolution Retroactively Approving and Authorizing the Execution of a Sublease with the Delancey Street Foundation for Building 229 – 651 H Street for approximately 20,723 square feet of office and classroom space (*Action Item*)
 - c. Resolution Approving and Authorizing the Execution of a Sublease with the Treasure Island Homeless Development Initiative, a California nonprofit corporation, Toolworks, a California nonprofit corporation, and Wine Valley, Inc., a California corporation, for Parcel A: Casa de la Vista; Parcel B: Building 265 (the Library); Parcel C: The Chapel; Parcel D: Fogwatch Picnic Area; Parcel E: Lobby of the Main Administration Building (Building 1); and Parcel F: Fogwatch Pavilion, Treasure Island (*Action Item*)
 - d. Approving the Treasure and Yerba Buena Island Public Art Policy (*Action Item*)
9. Informational item. "Treasure Island/Yerba Buena Island CAB Resident Election Informational Meeting Announcement"
Presented by Michael Tymoff, Treasure Island Community Development
Length of Time: 10 Minutes
10. Informational Presentation: Proposed Regulation of Vessel Anchorages in Clipper Cove (*Discussion Item*)
Presented by: Peter Summerville, Treasure Island Development Authority
Length of Time: 5 minutes
11. Resolution Authorizing the Director of Island Operations to Issue a Request for Qualifications for the Operation and Management of a Full Service Restaurant and Bar located at Building 183, the Café, Treasure Island (*Action Item*)
Presented by Richard Rovetti, Treasure Island Development Authority
Length of Item: 10 Minutes
12. Ongoing Business by Directors (*Discussion Item*)
Length of Item: 5 minutes
13. Discussion of Future Agenda Items by Directors (*Discussion Item*)

14. Adjourn

Relevant documents such as resolutions, staff summaries, leases, subleases are available at the Treasure Island Development Authority Office, 410 Avenue of the Palms, Building 1, Treasure Island, and the Government Information Center at the Main Library, 100 Larkin Street. Public comment is taken on each item on the agenda.

If any materials related to an item on this agenda have been distributed to the TIDA Board of Directors after distribution of the agenda packet, those materials are available for public inspection at Treasure Island Development Authority, Building One, 2nd Floor, 410 Ave. of Palms, San Francisco, CA 941130 during normal office hours.

Disability Access

The Treasure Island Development Authority is holding this special meeting at the Treasure Island Library, Building 265, Avenue of the Palms, Treasure Island, San Francisco, CA. The Library is accessible to persons using wheelchairs and others with disabilities. Assistive listening devices are available upon request. Agendas are available in large print. Materials in alternative formats and/or American Sign Language interpreters will be made available upon request. Please make your request for alternative format or other accommodations to the Mayor's Office on Disability 554-6789 (V), 554 6799 (TTY) at least 72 hours prior to the meeting to help ensure availability.

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The ringing of and use of cell phones, pagers, and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing devices.

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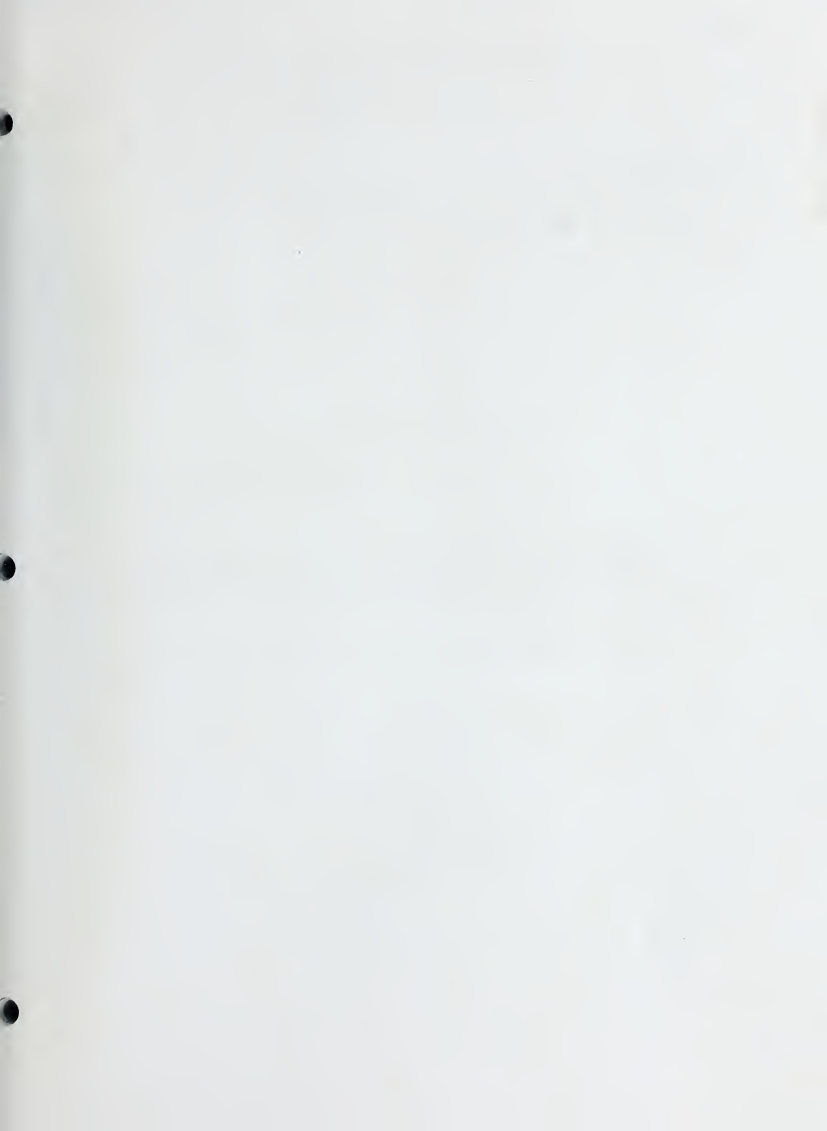














POLICE DEPARTMENT
CITY AND COUNTY OF SAN FRANCISCO

THOMAS J. CAHILL HALL OF JUSTICE
850 BRYANT STREET
SAN FRANCISCO, CALIFORNIA 94103-4803

PH

PH

HEATHER J. FONG
CHIEF OF POLICE

November 3, 2008



Ms. Mirian Saez
Executive Director
Treasure Island Development Authority
410 Avenue of the Palms
Treasure Island
SF., CA 94130

SENT VIA FACSIMILE TO (415) 274-0299

Reference: Treasure Island Crime Statistics – October 2008

Dear Ms. Saez:

There were twenty-six incident reports filed with the San Francisco Police Department about occurrences on Treasure Island and Yerba Buena Island during the month of October 2008. Please see Attachment A for specific information.

Please Contact me at (415) 553-9154 or at Daniel.McDonagh@sfgov.org if you have any questions.

Sincerely,

Daniel McDonagh
Captain – Southern Station

By:

Officer Louis Glaser
Southern Station
(415) 553-7959

ATTACHMENT A		REP. DATE	LOCATION	TYPE	COMMENTS	CASE NUMBER
		10/1/08	13th St. @ Av D	Found Property		01045415
10/2/08	10/2/08	10/2/08	Gateview @ Reeves	Battery	Mutual combat	081047897
10/7/08	10/7/08	10/7/08	11th St. @ H St.	Battery/Domestic Violence	Suspect Known	081068398
10/7/08	10/7/08	10/7/08	1100 blk Reeves Ct.	Stay Away Order Violation	Arrest made	081070155
10/8/08	10/8/08	10/8/08	1200 blk Northpoint	Public Nuisance	1 Admonished	081071727
10/7-10/8/08	10/7-10/8/08	10/8/08	800 blk Av D	Stolen Vehicle		081073137
5/5-6/12/08	5/5-6/12/08	10/8/08	400 blk Av of the Palms	Theft of Checks or Credit Cards	Suspect Unknown	081072555
10/8/08	10/8/08	10/8/08	Address Withheld	Battery/Domestic Violence	Suspect Known	081073864
10/7-10/8/08	10/7-10/8/08	10/10/08	1200 blk Mariner Dr.	Malicious Mischief	Suspect Unknown	081081845
10/4/08	10/4/08	10/1/08	300 blk Nimble St.	Suspicious Occurrence	Suspect Unknown	081086378
10/7/08	10/7/08	10/2/08	1400 blk Chinook Ct.	Recovered Auto		0810931060
10/13/08	10/13/08	10/13/08	California St @ Av D	Robbery, Force used	Suspect Unknown	081095482
10/11-10/13	10/11-10/13	10/13/08	400 blk 13th St.	Malicious Mischief	Suspect Unknown	081094729
10/14/08	10/14/08	10/14/08	1400 blk Flourider Ct.	Theft of Animals	Suspect Unknown	081099296
10/1-10/13	10/1-10/13	10/14/08	600 blk Av H	Theft, From Building	Suspect Unknown	081098785
10/14-10/15	10/14-10/15	10/15/08	100 blk Ozburn Ct.	Runaway		081101164
10/18-10/19	10/18-10/19	10/20/08	1200 blk Mariner Dr	Theft from Building	Suspect Unknown	081120960
10/20/08	10/20/08	10/20/08	1200 blk Gateview	Investigative Detention		081120437
10/22/08	10/22/08	10/22/08	1300 blk Gateview	Investigative Detention		081128748
10/22/08	10/22/08	10/22/08	13th St. @ Gateview	Burglary	Suspect Unknown	081130317
10/24/08	10/24/08	10/22/08	1200 blk Northpoint	Burglary, Apartment	Suspect Unknown	081130806
10/25/08	10/25/08	10/26/08	1200 blk Mariner Dr	Battery	Suspect Known	081140861
10/24/08	10/24/08	10/26/08	California @ H St.	Theft, From locked vehicle	Suspect Unknown	081145021
10/25/08	10/25/08	10/26/08	600 blk Av H	Missing Juvenile		081145087
10/25/08	10/25/08	10/25/08	1200 blk Mariner Dr	Found Person		081141988
10/30/08	10/30/08	10/30/08	Address Withheld	Mental Health Detention		081162508

Part 1 Crimes October, 2003

Robbery 1 Sex Offenses

Homicide
Vehicle Theft

Arson
Larceny 5

Total 12

**Treasure Island Development Authority
Subleases and Permits Executed
Pursuant To Leasing Policy
November 12, 2008**

Location / Facility	Agreement Number	Leasehold Status (new / expired)	Company Name / Prospective Subtenant	Commencement Date	Leasehold Type	Sq. Ft.	Monthly Rent	Comments
Building 298	43	Renewal	Treasure Island Yacht Club	12/1/08	Yacht Club	1,188	\$675.00	Executed
Building 670	75	New	Patrick Bowen, dba PB Wines	9/12/08	Wine Storage	4,950	\$1,980	Executed
Building 201	84	New	SF Gaelic Athletic Assn.	12/9/08	Club-house	25,878	Waived	Executed
Building 34	93	New	Yorba Buena Builders Jim Pantera	11/1/08	Storage	7,536	\$2,260.80	Executed
Building 3	P-65	New	2008 Exotic Erotic Ball	10/24 - 25/2008	Special Event			
Great Lawn	P-76	New	Treasure Island Homeless Development Initiative	10/25/2008	Community Picnic			
YBI Quarters 1	P-95	New	CC Myers	10/21 - 23/ 2008	Corporate meetings			
Building 180N	P-91	New	Space Cowboys, LLC	11/1/2008	Fundraising Social Event			
Various Locations	P-59	New	Tri-California Events	11/8 - 9/ 2008	2008 San Francisco Triathlon at Treasure Island			



<lgreenwald@costar.com>

11/07/2008 09:27 AM

To: <peter.holm@sfgov.org>

cc

bcc

Subject: CoStar Updates- Rich Rovetti



LISTINGS REVIEW REQUEST FOR

Rich Rovetti

City of San Francisco Treasure Island

From Your CoStar Research Professional: Lauren Greenwald | (858) 558-4332

Dear Rich:

My name is Lauren Greenwald, your research professional at CoStar responsible for keeping your listings up-to-date and accurate.

Please take a moment to review your listing information below. To get started, click the update button next to the listing and note any changes right in For Lease



Address:	600 California Ave, San Francisco, CA 94130 - Building 3						
RBA:	144,767 SF	Year Built:	1939	Property Type:	Industrial		
Land Area:		Parking:		Secondary Type:	Airplane		

Suite	Type	Floor	Use	SF Avail	Contiguous	Divisible	Rent/Svcs	Occup
	Relat	E 1st	Warehouse	144,767	144,767	No	Negotiable	Vacant



Address:	410 Avenue of the Palms, San Francisco, CA 94101 - Admiral's Suite						
RBA:	50,000 SF	Year Built:	1939	Property Type:	Office		
Land Area:		Parking Ratio:		Secondary Type:			

Suite	Type	Floor	Use	SF Avail	Contiguous	Divisible	Rent/Svcs	Occup
	Relat	E 1st	Office	50,000	50,000	No	Negotiable	Vacant



Address:	200 California Ave, San Francisco, CA 94130 - Building 180						
RBA:	77,430 SF	Year Built:	1960	Property Type:	Industrial		
Land Area:		Parking:		Secondary Type:			

Suite	Type	Floor	Use	SF Avail	Contiguous	Divisible	Rent/Svcs	Occup
	Relat	P 1st	Warehouse	38,740	38,740	No	\$0.30/Mo/lf	Vacant

No Photo	Address:	Avenue M @ 11th ST, San Francisco, CA 94130 - Building 215						
	RBA:	60,000 SF	Year Built:	1900	Property Type:	Industrial		
	Land Area:	406 SF	Parking:		Secondary Type:	Warehouse		

Suite	Type	Floor	Use	SF Avail	Contiguous	Divisible	Rent/Svcs	Occup
	Relat	E GRND	Warehouse	60,000	60,000	Yes	\$0.25/Mo	Vacant

No Photo	Address:	800 Avenue H, San Francisco, CA 94130 - 201						
	RBA:	88,354 SF	Year Built:	1900	Property Type:	Industrial		
	Land Area:	406 SF	Parking:		Secondary Type:	Warehouse		

Suite	Type	Floor	Use	SF Avail	Contiguous	Divisible	Rent/Svcs	Occup
	Relat	P GRND	Warehouse	5,000	5,000	No	\$0.30/Mo/lf	Vacant

No Photo	Address:	Avenue E @ 13th Street, San Francisco, CA 94130 - 36F						
	RBA:	8,505 SF	Year Built:	1900	Property Type:	Flex		

	Land Area:	406 SF	Parking:			Secondary Type:		
Suite	Type	Floor	Use	SF Avail	Contiguous	Divisible	Rent/Svcs	Occu
36F	Relet	E GRND	Flex	8,505	8,505	Yes	\$0.75/Mo	Vaca
	Address:	850 Avenue H, San Francisco, CA 94130 - Building 202						
No Photo	RBA:	25,878 SF	Year Built:			Property Type:		Industri
	Land Area:		Parking:			Secondary Type:		
Suite	Type	Floor	Use	SF Avail	Contiguous	Divisible	Rent/Svcs	Occu
	Relet	E 1st	Warehouse	25,878	25,878	No	Negotiable	Vaca
	Address:	725 California Ave, San Francisco, CA 94130 - Commissary						
No Photo	GLA:	5,000 SF	Year Built:			Property Type:		Genera
	Land Area:		Parking:			Secondary Type:		
Suite	Type	Floor	Use	SF Avail	Contiguous	Divisible	Rent/Svcs	Occu
	Relet	E 1st	Retail	5,000	5,000	No	Negotiable	Vaca
	Address:	449 Avenue H, San Francisco, CA 94130 - Building 258						
No Photo	RBA:	50,672 SF	Year Built:			Property Type:		Office
	Land Area:		Parking Ratio:			Secondary Type:		
Suite	Type	Floor	Use	SF Avail	Contiguous	Divisible	Rent/Svcs	Occu
	Relet	E 1st	Office	50,672	50,672	No	Negotiable	Vaca
	Address:	950 Avenue M, San Francisco, CA 94130 - Building 330						
No Photo	RBA:	4,030 SF	Year Built:			Property Type:		Office
	Land Area:		Parking Ratio:			Secondary Type:		
Suite	Type	Floor	Use	SF Avail	Contiguous	Divisible	Rent/Svcs	Occu
	Relet	E 1st	Office	4,030	4,030	No	Negotiable	V
	Address:	1080 Avenue M, San Francisco, CA 94130 - The Brig - Bldg 670						
No Photo	RBA:	20,000 SF	Year Built:			Property Type:		Industri
	Land Area:		Parking:			Secondary Type:		
Suite	Type	Floor	Use	SF Avail	Contiguous	Divisible	Rent/Svcs	Occu
	Relet	E 1st	Warehouse	20,000	20,000	No	Negotiable	Vaca

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Sincerely,

Lauren

Have other commercial for-sale or for-lease listings you'd like to market with CoStar?
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CITY & COUNTY OF SAN FRANCISCO



MIRIAN SAEZ
DIRECTOR OF ISLAND OPERATIONS

TREASURE ISLAND DEVELOPMENT AUTHORITY
410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND

TO: Mayor Gavin Newsom

CC: Steve Kawa, Chief of Staff
Ed Lee, City Administrators

FROM: Mirian Saez, Director of Island Operations, Treasure Island

RE: Treasure Island Informational Update

DATE: October 17, 2008

Fleet Week Recap

This year's Fleet Week celebrations on October 11 and 12 was a success. Treasure Island was an official site of Fleet Week Committee and vendors set up on the Great Lawn to take advantage of the crowds. This year's holiday generated even a larger number of spectators visiting the Island to view the air show which included the Blue Angels.

Project Staff coordinated efforts with the SFPD, DPW and Rubicon to ensure smooth operations. Traffic control measures were taken to assist motorists on and off the island and to ensure the safety of visitors and residents. The Police Department also posted "No Stopping" signs on the Avenue of the Palms and along Treasure Island Road to prevent traffic congestion. DPW and Rubicon clean up crews kept the Island free of garbage.

Signage and newly refurbished picnic tables were placed through out the Great Lawn and the Fog Watch picnic area. New garbage and recycling receptacles were installed through out the Island. Project Staff ordered additional rest room facilities for the Treasure Island Marina and the Great Lawn to accommodate the large number of visitors.

During Fleet Week, Treasure Island played host to two annual events – The Alzheimer's Memory Walk, and the U.S. Naval Academy Parents Association. TI also welcomed the Yountville Veteran's Home and 2HipBMX Society to the Island. In addition to the public events, there were also three weddings, including our first gay wedding and reception at the newly renovated Library.

New and Renewed Leases on Treasure Island

- *Island Creative* – Starting out on Treasure Island five years ago, Island Creative quickly out grew their original building and now reside in historic Building Two. Island Creative

Memo to Mayor Gavin Newsom
Treasure Island Development Authority
October 17, 2008

is a scenic and theatrical light design company. Island Creative's list of clients includes the San Francisco Ballet, Sun Micro Systems, Apple Computer, Macy's Passport and ESPN. On average Island Creative employs seventeen fulltime employees, but during a production they can grow up to 100 employees, pulling some of their labor from Island residents.

- *Beyond Productions* – A twenty year old Australian film, television and online production company. Most notably they are the production company behind Myth Busters. Located in Building 180 along Clipper Cove, Beyond Productions has just released its newest Discovery Channel program called **Prototype This**. Airing Wednesday nights on the Discovery Channel, the series involves a crack team of engineers and mechanical geniuses taking on the problems of today's world by creating the craziest, one-of-a-kind prototypes of tomorrow.

The Exotic Erotic Ball

The 29th Annual Exotic Erotic Ball is coming to Treasure Island and back to San Francisco for the first time in seven years. Located in Historic Building Three, this year's ball is expected to be their largest ever. The Ball can be described as part Mardi Gras, part burlesque, and part rock concert. The Exotic Erotic Ball, is "...an event that celebrates freedom, the right to choose, and the right to be as one chooses to be." October 24th is the Expo from 2:00 p.m. to 10:00 p.m., and the Ball is on Saturday from 8:00 p.m. to 2:00 a.m.

Attached are copies of this week's media.

Up-coming On-Island Special Events

The Treasure Island Community Festival, October 25, 2008 11:00 a.m. to 2:00 p.m.

The Exotic Erotic Ball, October 24th and 25th

The Mil Valley Philharmonic presents the Works Progress Administration Orchestra Music, November 1st, 2008, Historic Building One

The Treasure Island Triathlon, November 7th – 9th



MILL VALLEY PHILHARMONIC

PRESENTS

The Works Progress Administration: Orchestral Music and Art of the 1930s

SPONSORED BY TREASURE ISLAND DEVELOPMENT AUTHORITY

CELEBRATE THE 75TH ANNIVERSARY OF THE SIGNING OF THE NEW DEAL
AND THE HISTORY OF YOUR OWN COMMUNITY BY ATTENDING A

FREE CONCERT

ORCHESTRAL MUSIC AND A DRAMATIC NARRATION IN A WPA BUILDING.

PROGRAM: AARON COPLAND – *FANFARE FOR THE COMMON MAN* • SAMUEL BARBER –
ADAGIO FOR STRINGS • GEORGE FREDERICK MCKAY – *FROM A MOONLIT CEREMONY* •
ERNST BACON – *SYMPHONY NO. 2, AMERICANA* • WITH LIAM VINCENT, NARRATOR

NOVEMBER 1ST 2:00PM
BUILDING 1, TREASURE ISLAND
410 AVENUE OF THE PALMS

MILLVALLEYPHILHARMONIC.ORG * 415-383-0930

LAURIE COHEN, MUSIC DIRECTOR



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[ZipCar Comes To Alameda](#)

The 49-Mile Scenic Ride

by [Peter Smith](#)

- Oct 15th, 2008 |
- [Advocacy](#) |
- [no comments](#)



The 49-Mile Scenic Ride is a bicycle take-off on the [49-Mile Scenic Drive](#):

The [49-Mile Scenic Drive](#) (also known as 49-Mile Drive) in and around [San Francisco](#) highlights many of the city's major attractions and historic structures.

Opened on [September 14, 1938](#) as a promotion for the 1939 [Golden Gate International Exposition](#), it features views of the then-newly-built [Golden Gate Bridge](#) (opened May 1937) and the [Bay Bridge](#) (opened November 1936). Then it terminated at the fairgrounds on [Treasure Island](#). Originally the drive measured 50 miles (80 km) but that was quickly changed to 49 (79 km), a more meaningful number for a city of 49 square miles (130 km²) that owes its early prominence to the [gold rush of 1849](#).

The 49-Mile Scenic Ride seems to have existed on and off again, at least informally, with folks from the [SFBMA](#) or the [SFBC](#) hosting once-a-year events. The last event I was able to google was in 2003.

Details of the SFBC-sponsored event were [captured in a 2003 Chronicle article](#):

Brandon Baunach, who works for a San Francisco architecture firm, recently did the whole thing on a bike, trailed by two dozen cyclists who signed up for a ride organized by the San Francisco Bicycle Coalition.

"It's more strenuous than doing it in a car, but less stressful, just because we never really had to wait for traffic," he said. "We could maneuver easily around them." Baunach, 31, printed maps for his flock, indicating the dozen places they would stop along the way for rest breaks, water and to let everyone catch up. All told, the ride took about six hours.

"Everybody had an easy, enjoyable time," he said. "If they rode a bit slower, they could see where everybody was just ahead of them. They never had to think about the map. They just had to follow the leader."

That sounds like it was a great time — like doing this type of tour on bike is ideal. Doing it in a car, though?

Somewhat dubious:

Sitting behind the counter at Get Lost Travel Books on Market Street, owner Lee Azus shook his head in a silent "No" when asked if tourists inquire about the 49 Mile Scenic Drive.

...

"I can't remember anyone asking about the 49 Mile Scenic Drive," said Azus, who has owned the bookstore for seven years.

The lack of popularity of the automobile-based tour is familiar to us by now — too smoggy, confusing, frustrating, and rushed:

It steers them onto Cesar Chavez Street, a distinctly non-scenic road filled with fast-moving cars furiously changing lanes to get to the on-ramps to Highway 101.

It also sends drivers into the middle of the bustling UCSF Medical Center complex, on a street clogged with cars, taxis and buses, as well as jaywalking doctors, nurses and medical students.

And it's a loooooong 49 miles.

It takes about four hours — that's without a single sightseeing stop — to drive.

It winds through many crowded streets, and pity the driver who ends up behind a high-and-mighty S.U.V., which will block the scenery, or in front of an impatient San Francisco driver, who will lay on the horn to hurry an indecisive driver along.

Yes, the 49-Mile Scenic Drive is dead, but the 49-Mile Scenic Ride deserves new life.

Let's build 4.9, 14.9, 24.9, and 49-mile routes, so riders of all abilities can participate. Let's ask the City to help us make these routes uber-safe, and maybe even paint the bike lanes (and separated bike paths?!) with special route markers.

Maybe we can create and sell the bicycle equivalent of the book, [San Francisco's 49 Mile Scenic Drive: The Guidebook](#).

If we can make fifty cents on each booklet we can send a quarter to the SFBC and a quarter to the Bike Kitchen. Maybe there's an inexpensive iPhone/Gmaps map that can be created and subsequently purchased that will similarly benefit our most important bike institutions. Bike shops, points of interest, restaurants, BARS!, and audio and video clips can be embedded right in the map.

One of the authors of that book, Laurel Rosen, said something that I'm sure will resonate with many of us:

Rosen, who now lives in Sacramento, said writing the book gave her the chance to "play tourist" in San Francisco, where she was born and lived for more than 25 years.

"I'd probably eaten at 200 taquerias in the Mission, but I'd never been inside Mission Dolores," she said. "I'd never

been inside Coit Tower. There are amazing murals inside. And then there are the quirkiest sights, like the pet cemetery in the Presidio. I had some vague awareness of it. It was really fun to see it.”

Renewed interest in this idea was sparked by [Mission Mission](#).

[photo courtesy [Egan Snow / Flickr](#)]

[Leave comment \(0\)](#)

[p.s. The [Forums](#) are open for participation.]

Peter Smith posted this entry on Wednesday, October 15th, 2008 at 11:39 am. Posted in the category [Advocacy](#) You can follow any responses to this entry through the [RSS 2.0](#) feed. You can [leave a response](#), or [trackback](#) from your own site.

No Responses to “The 49-Mile Scenic Ride”

No comments yet

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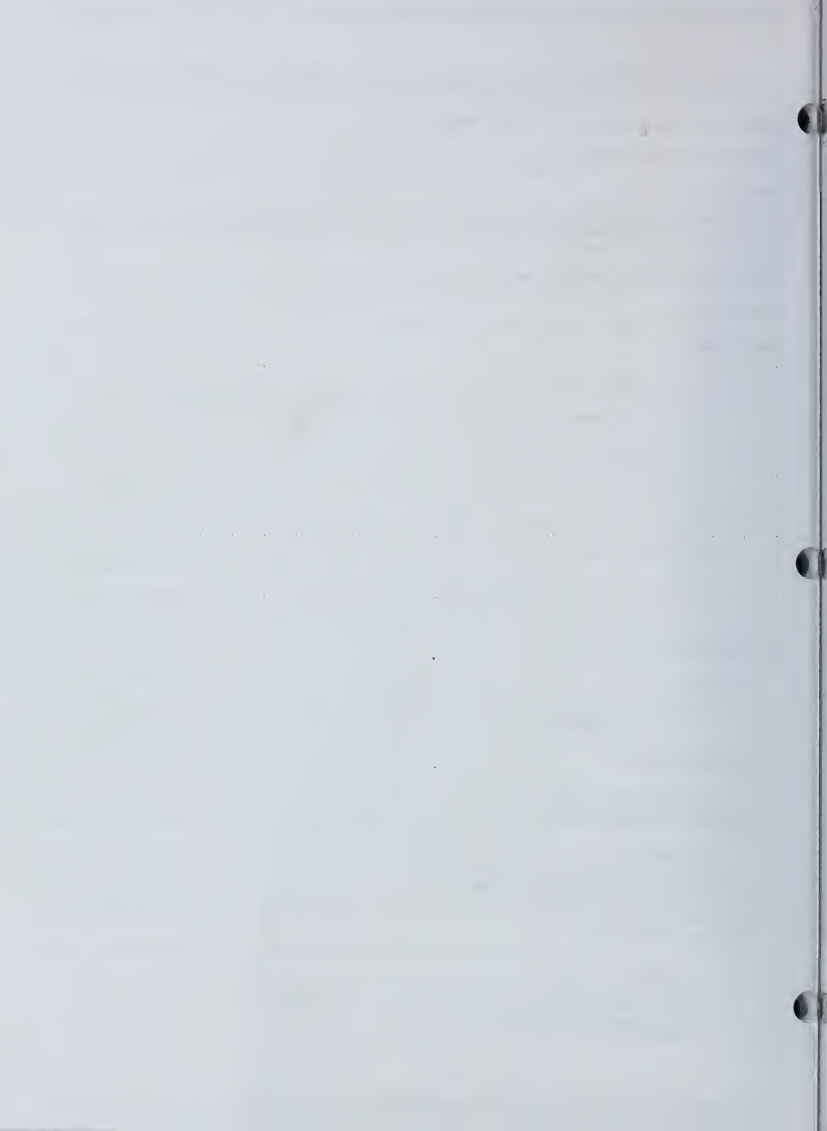
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- [16th Street BART Bike Ramp](#)



CITY & COUNTY OF SAN FRANCISCO



MIRIAN SAEZ
DIRECTOR OF ISLAND OPERATIONS

TREASURE ISLAND DEVELOPMENT AUTHORITY
410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
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TO: Mayor Gavin Newsom

CC: Steve Kawa, Chief of Staff
Ed Lee, City Administrators

FROM: Mirian Saez, Director of Island Operations, Treasure Island

RE: Treasure Island Informational Update

DATE: October 24, 2008

Treasure Island Emergency Planning:

TIDA staff participated in ShakeUp SF activities on October 21st by holding a staff meeting to discuss the contents of staff's 72-Hours kits kept at work and family reunification plans. As part of their ShakeUp SF activities, the Department of Public Works/Department of Building Inspection dispatched a "Strike Team" to the Island to meet with the TIDA Emergency Planner and to simulate the initial inspection of critical facilities which will be necessary on-Island post-disaster in order to assure structural integrity of facilities such as shelters and SFFD Station 48.

TIDA was present at the Emergency Operations Center during the EOC simulation held by DEM as part of the Silver Sentinel regional simulation exercises held on October 23rd. TIDA currently holds a seat in the Community Branch of the Operations Section of the EOC.

TIDA and the Department of Emergency Management are engaged in the creation of an Island-specific emergency plan which addresses the responsibilities of City departments operating on-Island during either a regional or localized incident within the framework of the City's Emergency Response Plan. Completion of this document will then allow TIDA to identify existing gaps in both City resources and overall response ability which will be potentially lacking during off-hours and/or in the event of loss of vehicle access to the Island on the Bay Bridge.

New and Renewed Leases on Treasure Island

- *San Francisco Police Department Motorcycle Training Unit* – Located in the old Treasure Island Elementary School, the San Francisco Police Department Motorcycle training unit occupies two classrooms and the school yard for training. One of the positive benefits of being located at the school is that the officer interacts with the students from Glide Youth Build and the San Francisco Boys & Girls Club.

- *San Francisco Police Department Behavioral Science Unit* – Located in the Administrative Building, a division of the San Francisco Police Department which works with officers and their family members to improve their overall health and mental well being. The Behavioral Science Unit also offers Peer Counseling and training.
- *San Francisco Fire Training Center* - Located on the eastern shore of Treasure Island is the San Francisco Fire Department Training Center and Academy. The facility was once the West Coast training center for the Navy. The San Francisco Fire Department utilizes the center for its academy as well as for ongoing training and education for its fire fighters.

On Island Law Enforcement Training for 2008

- Urban Shield 2008 regional exercise, SFPD and SF Sheriffs hosted multiple jurisdictions at two on-Island scenarios for exercise
- California Department of Justice tactical operations training
- SFPD K-9 unit dog certification/training
- SFPD SWAT tactical operational training
- BART Police K-9 training
- Department of Homeland Security tactical training

Highlighted Event

To celebrate the 75th Anniversary of Franklin D. Roosevelt's signing of the New Deal, Treasure Island Development Authority and the Mill Valley Philharmonic will be hosting a free concert in Historic Building One. The Philharmonic will perform the multi-media program *The Works Progress Administration: Orchestral Music and Art of the 1930s*. This program includes works by Copland, Barber, McKay and Bacon. Created to help provide economic relief to the citizens of the United States who were suffering through the Great Depression, the Works Project Administration – or WPA – was first named Works Progress Administration. Building One was selected as one of the sites as it is a WPA building.

Attached are copies of this week's media.

Up-coming On-Island Special Events

The Treasure Island Community Festival, October 25, 2008 11:00 a.m. to 2:00 p.m.

The Exotic Erotic Ball and Expo, October 24th and 25th

The Mil Valley Philharmonic presents the Works Progress Administration Orchestra Music, November 1st, 2008, Historic Building One

The Treasure Island Triathlon, November 7th – 9th



Exotic Erotic Ball moves to Treasure Island for 29th year

Event promoters promise sexier event and more casual venue.

By Elizabeth Pfeffer
Correspondent

Article Last Updated: 10/24/2008 09:04:37 AM PDT

The Exotic Erotic Ball, the Bay Area's largest fetish masquerade event, has been moved to the Oakland side of Treasure Island for its 29th annual celebration.

While the event is a tribute to sexual freedom, it was subject to some strict limitations during its long run at Daly City's Cow Palace.

The limitations, which organizers felt set an unsexy tone for the provocative parties, in combination with rumors that the Cow Palace was shutting down, prompted the decision to move the strictly 21-and-older event to Treasure Island.

Without the restrictions of a corporate convention center, everything down to the food will have sexual connotations.

A tantric cuisine of chocolate-dipped strawberries and oysters by Wine Valley Catering will replace the less romantic hamburgers and hot dogs that were sold by Cow Palace vendors.

"This is an event that was truly built in the image we always wanted it to be," said Howard Mauskopf, the ball's executive producer.

The event, which begins this afternoon, culminates

Saturday night with a sexy masquerade ball, where celebrity judges will award \$20,000 in costume prizes.

The daytime expos today and Saturday will feature erotic demonstrations, art and music performances and autograph signings by mainstream and adult stars.

There will be about 65 performers, including adult model Akira Lane, hip-hop artist Tone Loc and "The Howard Stern Show" regular "Eric the Midget."

With more bands on this year's lineup, Paul Nathan, the event's entertainment director and emcee, is hoping for a larger turnout. Most of the bands are local, such as rising rock quintet Scissors for Lefty.

"The people who are going to go anyway — they know what will be there," he said.

The San Francisco-based magician Nathan travels around the world performing and seeking out unique adult talent. His favorite pick for the event is Dutch playmate Ancilla Tilia, who is coming from Amsterdam to put on a shaving show.

"She's just a seriously hot commodity," he said.

All told, the event usually draws about 20,000 attendees. Organizers said this year should feel less crowded because Treasure Island allows for a more efficient layout. Several tented stages, an 80,000-square-foot airplane hangar and lots of outdoor space will be a departure from the Cow Palace's cramped floor plan.

"It's sort of like a private island — it's going to be really sexy," Nathan said.

The 29th Exotic Erotic Ball and Expo Where:

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Treasure Island When: Expo is 2 to 10 p.m. today and noon to 6 p.m. Saturday; the ball is from 8 p.m. Sunday to 2 a.m. Sunday. Cost: Expo tickets are \$20; ball tickets start at \$79. Information: www.exoticeroticball.com

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CITY & COUNTY OF SAN FRANCISCO



MIRIAN SAEZ
DIRECTOR OF ISLAND OPERATIONS

TREASURE ISLAND DEVELOPMENT AUTHORITY
410 AVENUE OF THE PALMS,
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND

TO: Mayor Gavin Newsom

CC: Steve Kawa, Chief of Staff
Ed Lee, City Administrator

FROM: Mirian Saez, Director of Island Operations, Treasure Island 

RE: Treasure Island Informational Update

DATE: November 7, 2008

Exotic Erotic Ball

The 29th Annual Exotic Erotic Ball was held on Treasure Island October 24th and 25th. The Ball, which had nearly 9,000 guests, was held in Historic Hanger Three. The event drew an eclectic crowd from the greater Bay Area. Prior to the event labor unions protested the event planner's use of non-union labor, and Sign Ordinance Advocates protested the event's lack of regard for the law. The San Francisco Police Department and San Francisco Fire Department reported that the event went off with minor incidences. However, the event planners failed to execute their transportation plan. SFPD and Muni remedied the problem of stranded event goers. The Exotic Erotic Ball failed in its financial obligations to TIDA. Accordingly we will not allow their use of the Island next year.

There were a few residential complaints about the nature of the event and about the traffic congestion on the Island. TIDA will be taking those concerns into consideration when booking future events.

The Treasure Island Development Authority Hosted International Guests from Poland

On Wednesday, October 29th, The Director of Island Operations and Jack Sylvan of the Office of Joint Development hosted two guests from the Institute of International Education West Coast. The Institute designs and implements professional programs for foreign leaders, specialists, and international scholars.

TIDA welcomed Governor Rafal Jurkowlanec and Marshall Norbert Obrycki from Poland to the Island as a guest of the U.S. Department of State. The program for this delegation aimed to explore the history of Treasure Island with particular interest in how TIDA functions as a part of the San Francisco local government as well as the redevelopment of the Islands. The two are involved in a similar military base reuse development project at home.

This Week's Highlighted Event

On Saturday, November 8th, and Sunday, November 9th, the sixth annual Treasure Island Triathlon will be held on the Island. On Saturday, approximately 1,500 triathletes will be swimming, running and biking a Sprint triathlon. On Sunday, about 1,000 triathletes will swim, bike, and run an Olympic triathlon. The races will begin each day at 7:15 am.

On Saturday, the last race of the day will be the International Triathlon Union Pan American Cup featuring some of the best elite triathletes in the world. They will be joined by the best Americans competing for the USA Triathlon Hall to the Great Wall Championships and there will also be the "Elite Draft Legal Race, the Tri-California Events Elite Series Championships" race that begins at 12:30 pm. The best triathletes in the world will be competing for points. They will also be competing for an elite purse of over \$40,000 for the race and Series titles.

The beneficiaries of this year's triathlon are the Challenged Athletes Foundation and the Golden Gate Club Triathlon Team in Training.

Attached are copies of this week's media.

Up-coming On-Island Special Events

The Treasure Island Triathlon, November 7th – 9th

The Treasure Island Museum Association Exhibit Opening, November 13, 2008

THE TREASURE ISLAND MUSEUM ASSOCIATION'S NEW EXHIBIT

PORTAL TO THE PACIFIC IN WAR AND PEACE

TREASURE ISLAND'S 70 YEARS OF HISTORY

PRESENTED BY THE TREASURE ISLAND DEVELOPMENT AUTHORITY

THURSDAY, NOVEMBER 13, 2008

6-9 P.M.

GUEST OF HONOR:

ZOE DELL LANTIS NUTTER

THEME GIRL OF THE 1939-1940

GOLDEN GATE INTERNATIONAL EXPOSITION

THE BUILDING ONE LOBBY GALLERY
TREASURE ISLAND ADMINISTRATION BUILDING
410 AVENUE OF THE PALMS, BUILDING ONE
TREASURE ISLAND

LIGHT REFRESHMENTS

TREASURE ISLAND WAS BUILT IN 1937, AND SOON BECAME THE PORTAL THROUGH WHICH AMERICA STRODE INTO THE PACIFIC. THIS RICH HISTORY IS EXAMINED IN A SERIES OF HANGING PANELS FEATURING MANY PREVIOUSLY UNPUBLISHED COLOR PHOTOGRAPHS.

IT IS THE FIRST EXHIBIT IN ELEVEN YEARS BY THE TREASURE ISLAND MUSEUM ASSOCIATION, WHICH IS NOW PLANNING THE REESTABLISHMENT OF THE MUSEUM.

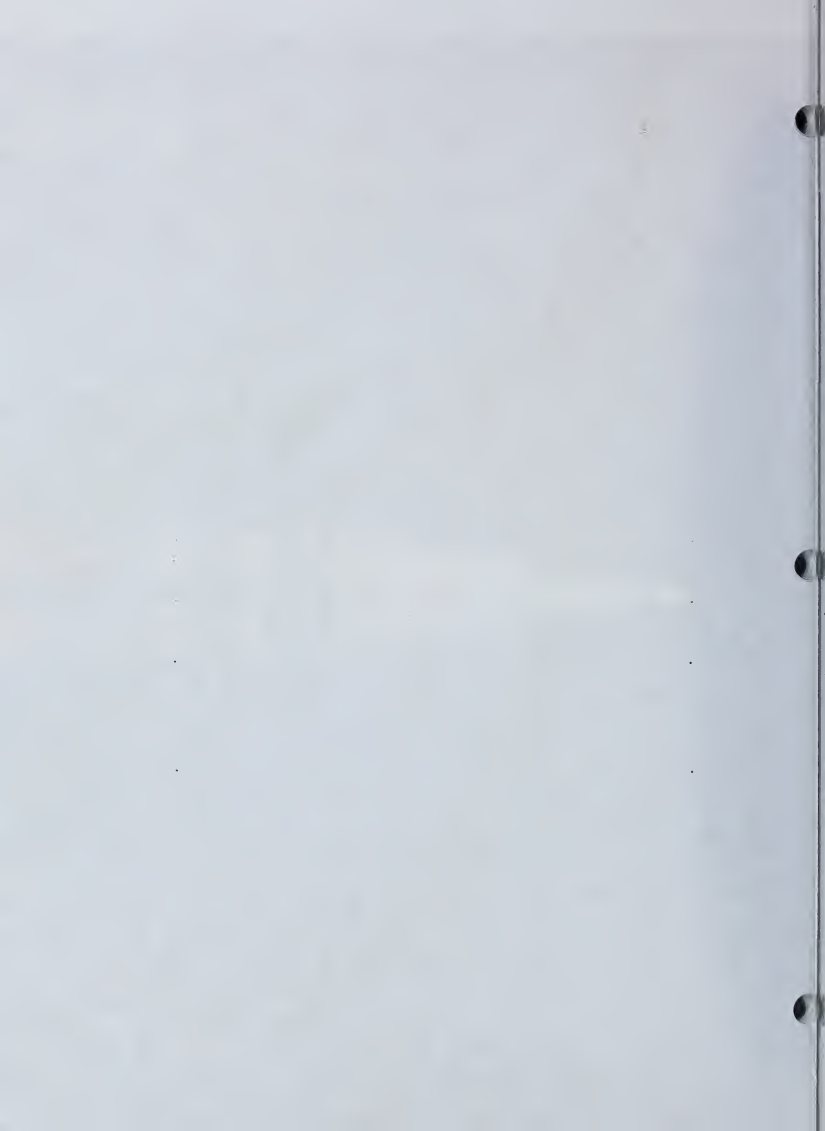
EXHIBIT ON DISPLAY THROUGH JANUARY, 2009



TIDA acknowledges:
Wine Valley Catering, U.S. Navy Caretaker Site Office
San Francisco Department of Public Works

TIMA acknowledges:
Zoe Dell Lantis Nutter
Paul Tolah and Patricia Carpenter - Richard Miller
Pacific Aerial Surveys/HJW Geospatial, Inc.
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FRIDAY, OCTOBER 31, 2008

MILL VALLEY PHILHARMONIC PRESENTS FREE CONCERTS OF THE WORKS OF THE WPA

Mill Valley Philharmonic celebrates the 75th anniversary of the signing of the New Deal by performing the program *The Works Progress Administration: Orchestral Music and Art of the 1930s*. President Franklin Delano Roosevelt created the WPA at the height of the Great Depression. It put millions of people to work - from building roads to composing music. Acclaimed Bay Area actor, Liam Vincent, narrates the concerts, providing WPA history, Depression-era cultural context, and a connection to your community's historical and architectural legacy. Laurie Cohen, director, lead the orchestra in four performances in WPA sites.

Program:

Aaron Copland - Fanfare for the Common Man
Samuel Barber - Adagio for Strings
George Frederick McKay - From a Moonlit Ceremony
Ernst Bacon - Symphony No. 2, Americana

November 1, 2008, 2:00pm

Treasure Island, Building 1, 410 Avenue of the Palms. Sponsored by Treasure Island Development Authority

November 2, 2008, 4:00pm

Mill Valley Community Center, 180 Camino Alto, Mill Valley. Sponsored by Mill Valley Seniors Club & Parks and Recreation

November 8, 2008, 4:00pm

Fort Baker, Sausalito, Cavallo Point, The Lodge at the Golden Gate, Building 523 Murray Circle, Fort Baker. Sponsored by Cavallo Point, The Lodge at the Golden Gate.

November 9, 2008, 1:00pm

The San Francisco Zoo, The Bernard Osher Great Hall, Sloat Ave. at 47th Ave

More information see the Mill Valley Philharmonic website.

AT 9:32 AM POSTED BY CALIFORNIA'S LIVING NEW DEAL PROJECT

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HARD TIMES, HIGH VISIONS: Golden Gate International Exposition

EXHIBIT ITEMS

[Exhibit Home](#) | [Acknowledgements](#) | [Introduction](#)

[Paths to Empire](#) | [The Way California Could Be](#) | [Hard Times, High Visions](#) | [Coming of Age](#)

Held from February 19, 1939 to October 29, 1939, the Golden Gate International Exposition had a hard act to follow. The Panama-Pacific International Exposition was said by many to be the quintessential exposition. The final realization of Golden Gate International Exposition would be hampered by the state and the country coming out of the most severe economic depression in their history.

But given these limits, this fair too created a distinctive environment, reflecting the dreams and aspirations of its time. Its theme, the "Pageant of the Pacific" allowed the exposition to look out beyond the continental United States to the Pacific Rim, not only accommodating these diverse cultures, but also making them the focus of the exhibition. This theme was developed in much of the programming, architectural design and realization of the fair. Architectural contributors included Arthur Brown, Jr., George Kelham, Lewis Hobart, William Merchant, Bernard Maybeck and Timothy L. Pflueger.

While the Panama-Pacific International Exposition reflected Beaux Arts esthetics and was a homage to European traditions, Golden Gate International Exposition demonstrated an eclectic blending of European, Eastern and Latin American architectural, landscape, and artistic styles. Evoking the exoticism of Pacific Rim cultures such as the Mayas, Incas, Malaysians, and Cambodians, many of the architectural structures reflected a nostalgic look at past civilizations. However, there were examples of a stream-lined, international style architecture, seemingly out of place with these other styles, but meant to reflect western nations along the Pacific Rim. Reinforcing this theme of modernism and technological innovation was the celebration of the earlier completion of the Golden Gate and San Francisco/Oakland Bay Bridges.

The Golden Gate International Exposition also took advantage of the high-tech developments, especially noted in the lighting of the fair. Jesse Stanton played the role of Jules Guerin as master colorist; and dramatic, indirect lighting, under the control of A.F. Dickerson, was used once again. Women played a prominent role in this exhibition, not only in helping with organization, but being focused upon as contributors to art exhibitions and to the special events at the fair.

Although it did not garner the popular and financial success of the Panama-Pacific International Exposition, the fair at Treasure Island, as with all international expositions, attempted to bring together the diverse populations of the world in peace. Situated on either side by two major difficult times, the Depression and

World War II, the Golden Gate International Exposition was the last fair of this scale hosted by California.

Almanac for Thirty-Niners: compiled by the Workers of the Federal Writers' Project of the Works Progress Administration in The City of San Francisco
Stanford: James Ladd Delkin for the Federal Writers' Project of Northern California, [1938]

The Golden Gate International Exposition could never have succeeded without the support of the Federal Works Progress Administration (WPA). That federal office supported the building of three monumental construction projects in the Bay Area, and the fair celebrated each structure: the Golden Gate and San Francisco/Oakland Bay bridges and the construction of the island, which was slated to serve as an airport at the conclusion of the fair. This book, another product of the WPA, is one of the first published descriptions of the fair.

CALIFORNIANS INC.

254 Days that Made California Tourist History, A Report on the Tourist in this State During the 1939 Exposition
Offprint from The Bulletin of Californians Inc. December, 1939
[San Francisco, 1939]

Although this brochure touts 1939 as "California's greatest tourist season," the Golden Gate International Exposition proved to be a financial disaster, losing \$4,166,000 in 1939. In order to recoup much-needed funds, the fair continued operations into 1940. This graphic illustrating the origins of tourists clearly shows the biggest draw was from the western states, which provided 60% of the tourism into the San Francisco area.

PETER STACKPOLE

"Central Anchorage During Cable Spinning"

Silver gelatin photograph made in 1985 by Stackpole from original negatives taken 1934-1936

From *When They Built the Bridge Photographs of the San Francisco-Oakland Bay Bridge 1934-1936*

Sausalito: Ursula Gropper Associates, 1985

The San Francisco-Oakland Bay Bridge was a publicly funded project connecting San Francisco and the East Bay. With an ever-growing population and the traffic congestion inherent in that reality, the Bay Bridge was promoted as a solution to these problems. As one would suspect, construction of this bridge was no easy feat. Charles H. Purcell, who specialized in bridge design and construction, presided over the project. Upon its completion in November 1936, the Bay Bridge had achieved many firsts as the longest, deepest, most complex construction in bridge engineering (employing three bridges and one tunnel), and the most costly. This Peter Stackpole image, with a view from the top of the central anchorage, records the ambitious undertaking of modern bridge construction.



CLYDE SUNDERLAND

[Pan American clippership flying over San Francisco Bay], n.d.

[Pan American clippership flying over Treasure Island], n.d.

Silver gelatin photographs

From the Clyde Sunderland Photograph Collection

In typical California fashion, the state undertook two major bridge construction projects and a world's fair during the 1930s, in the face of a severe nationwide economic depression. These aerial photographs, including the famous Pan American clipper ship, provide views of the Golden Gate Bridge, the San Francisco-Oakland Bay Bridge, and Treasure Island. Bridging the Golden Gate strait was a project that most engineers said could not be realized. Joseph B. Strauss, a designer and engineer, said such a bridge was not only possible to construct, but would prove less expensive than estimates suggested. Strauss submitted his preliminary sketches to Michael O'Shaughnessy, San Francisco's notable engineer, with a cost estimate of \$27 million on June 28, 1921. Strauss then proceeded to dedicate his efforts to spearhead funding activities, and to manage the political and economic realities which delayed construction. He ultimately became Chief engineer for the project. When opened in 1937, the Golden Gate Bridge was the longest single clear span in the world. The magnificent "Gateway to the Pacific" was completed and opened to pedestrian traffic on May 27, 1937. The following day the span was opened to vehicular traffic, and assumed a major role in celebration of the state's achievements during the Golden Gate International Exposition.

STERLING SHERWIN

"Two Bridges That Bridged Two Hearts"

From *Songs of San Francisco: Souvenir Song Book of 1939 World's Fair on San Francisco Bay*

New York: Remick Music Corporation, n.d.

The two bridges noted in this songbook were points of pride for Californians, and these structures soon achieved a prominent role in the social and cultural life of the region.

ARTHUR BROWN, JR.

"The Architectural Planning of the Exposition"

Architect and Engineer, February 1939, San Francisco

Arthur Brown, Jr. was one of the key members of The Board of Architects, heading the Architecture Committee after the death of George W. Kelham. Other members included the prestigious architects Lewis P. Hobart, William G. Merchant, Timothy L. Pflueger, Ernest E. Weihe, and W. P. Day, Director of Works. The Board was charged with designing the layout of the fair, given the set physical and financial constraints. Brown's article recounts how the Board conceptualized the layout of the fair, including the monumental axis leading from the main entrance and the Tower of the Sun, through the Courts of Reflections and Flowers to the Lagoon flanked by the Pacific Basin Group and opening up to the rest of the thematic buildings. J.H. Clark carried out the design for the Court of Seven Seas after Kelham's death. The February 1939 issue of *Architect and Engineer* is dedicated to a discussion of the fair including its courts, color scheme, landscaping, and special engineering design.

ARTHUR BROWN, JR.

Tower of the Sun, Golden Gate International Exposition, San Francisco, 1936

Gouache on paper

From the Arthur Brown, Jr. Papers



Arthur Brown, Jr., designer of San Francisco City Hall and the Court of Horticulture at the Panama-Pacific International Exposition, was commissioned to execute The Tower of the Sun and the Court of Honor. The Panama-Pacific International Exposition's Tower of Jewels is here reborn at the Golden Gate International Exposition in Brown's Tower of the Sun. The slender central tower of the exposition grounds, rising 392 feet, is beautifully rendered in this nocturnal view. Brown, whose esthetics was grounded firmly in the Beaux Arts tradition, was a master of this idiom as this stately tower clearly illustrates.

ARTHUR BROWN, JR.

Tower of the Sun with the Elephant Towers, Western Wall of Exposition

Pencil on paper

From the Arthur Brown, Jr. Papers

In this rendering of the Tower of the Sun, designed by Arthur Brown, Jr., the tower is flanked by the Elephant Towers designed by Donald Macky. These buildings represent two of the most distinctive components of architectural design found in the Golden Gate Exposition, the former evoking Italian renaissance architecture, the latter suggesting an eclectic mixing of Oriental and Mesoamerican design.

ERNEST E. WEIHE

[Western Gateway with detail of one of the Elephant Towers, Golden Gate

International Exposition,] n.d.

Colored pencil on paper

From the Arthur Brown, Jr. Papers

Ernest E. Weihe designed the "Portals of the Pacific" to draw visitors into the fair. Twenty-six year old Donald Macky designed the sculptural "Elephant Towers." The blending of Oriental design to suggest the elephants and their howdahs is juxtaposed with Mayan architecture, as seen in the stepped pyramidal forms, creating one of the most memorable features of the fair. Whether one felt these features appeared as a jumble of cubistic forms, or as a successful interpretation of the fairs' Pacific theme, the structures generated ample discussion from critics and visitors alike.

[Image of the Phoenix to be placed atop the Tower to the Sun], 1939

Silver gelatin photograph

From a [Collection of Images of Golden Gate International Exposition, San Francisco, California]

The Phoenix that sat on top of the Tower of the Sun attempted to remind Treasure Island visitors of the 1906 earthquake and fire. This dramatic icon also pointed to the hard times of the current Depression. Once again California would defy any limitations, be they economic, political, or physical, and host an extravaganza that would entertain and edify millions of visitors.

[Polynesian Woman in the Court of the Pacific], 1939

Silver gelatin photograph

From a [Collection of images of Golden Gate International Exposition, San Francisco, California]

Visitors to the Fair encountered monumental stylized sculpture, suggestive of the peoples and cultures of the Pacific Rim.

*Golden Gate International Exposition,
n.d.*Photomechanical reproduction after
photograph by Mike Roberts*[Views of the Golden Gate International
Exposition, 1939-1940]*From the *Collection of the Estate of
Harold A. Small*

This dramatic approach to the "Magical City" captures the monumental scale and variety of style that would be further amplified as one entered the fair walls. Brown's Tower of the Sun and Macky's Elephant Towers demonstrate the very different ways architects and sculptors incorporated elements of past



architecture to create imaginative contemporary interpretations.

Pacifica

Photomechanical reproduction after photograph by Mike Roberts
[Views of the Golden Gate International Exposition, 1939-1940]
 From the *Collection of the Estate of Harold A. Small*

Timothy Pflueger and his firm were responsible for the Court of the Pacific and the Federal Building. Here we see Ralph Stackpole's heroic Pacifica, a peaceful, contemplative, almost prayer-like female figure that symbolized the theme of the fair. President Roosevelt would emphatically state this hope for peace in his announcement of the fairs in both New York and San Francisco, "The year 1939 would go down in history not only as the year of the two greatest American fairs, but would be a year of world wide rejoicing if it could also mark definite steps toward permanent world peace."

STANLEY ARMSTRONG HUNTER

Temple of Religion and Tower of Peace at the 1939 Golden Gate International Exposition

San Francisco: Temple of Religion and Tower of Peace, Inc., 1940

Representation of various world religions certainly occurred at earlier expositions. What is notable about the Golden Gate International Exposition's presentation of religion is the theme of religious unity. Along with more typical Christian groups, the Fair included representations of Buddhists, Bahai's, Christian Scientists, Jews, Mormons, Protestants, and others. This is particularly interesting in light of the impending World War that would embroil nations in a struggle that emphasized disunity and differences. Rabbi Rudolph I. Coffee states, "Unitedly we embarked on this spiritual adventure, and in working together, we learned to know one another and love one another."

SOUTHERN PACIFIC COMPANY

*Treasure Island on San Francisco Bay; Golden Gate International Exposition,
February 18 to December 2, 1939*

[s.l.: Southern Pacific Company, 1939]

In a fashion typical of railroad promotional brochures from earlier in the century, this text promotes the exotic aspects of the distant cultures of the Far East and Central and South America.

DEPARTMENT OF FINE ARTS, DIVISION OF PACIFIC CULTURES

Pacific Cultures

San Francisco, Golden Gate International Exposition, 1939

This exhibition allowed Treasure Island visitors to enjoy the traditional arts of countries along the Pacific Rim, focusing on the early works produced in China, Japan, Southeast Asia, and the Islands of the Pacific, and by the indigenous peoples of North, Middle, and South America. The variety of art, historical, and ethnological materials in this exhibition presented a rich range of the creativity found in this vast area.

Diego Rivera: The Story of His Mural at the 1940 Golden Gate International Exposition

[San Francisco: 1940]

Diego Rivera, internationally recognized artist, known for his grand scale murals and philosophically aligned with Communist principles, received a major commission at the fair as part of the "Art in Action Project" in the Palace of Fine Arts. Rivera's murals thematically related to the cultures of the Pacific, emphasizing the need to incorporate the art of indigenous peoples to make a true "American" art. He states, "My mural which I am painting now -- it is about the marriage of the artistic expression of the North and of the South on this continent, that is all. I believe in order to make an American art, a real American art, this will be necessary, this blending of the art of the Indian, the Mexican, the Eskimo, with this kind of urge which makes the machine, the invention in the material side of life, which is also an artistic urge, the same urge primarily but in a different form of expression."

MIGUEL COVARRUBIAS

Pageant of the Pacific

[San Francisco, Pacific House, c. 1940]

Miguel Covarrubias, the young Mexican artist known internationally for his stylized views of people and places, created six large decorative and illustrated maps for Pacific House. They depicted countries of the Americas and lands eastward from the Pacific Coast. The themes included the peoples, flora and fauna, economy, art and culture, dwellings, and transportation of these regions. His light touch formed modern tapestry that was characterized by precise and sharp conception. Through the joyful panorama of color the artist educates and entertains the public. Five of the original murals survive and are displayed at the World Trade Center in the San Francisco Ferry Building.

DR. AURELIA HENRY REINHARDT

"Women's Role in Pacific Pageant"

Think, February 1939

New York

As with the Panama-Pacific International Exposition, the role of women at the Golden Gate International Exposition was to assist with hospitality and social events. They also helped with the special concerns and interests of women visiting the fair. Women also served as members of a number of the committees of the fair, helping shape the programs and events offered. Women's creativity was also a focus, with many individuals participating in the design and creation of the architectural embellishment of the fair including its interior design, sculpture, gardens, and general landscape. The Exposition recognized women's contributions to international society through special days set aside to honor scientists, novelists, architects, and musicians.

A Pageant of Photography

San Francisco: Crocker-Union for the San Francisco Exposition Co., 1940

Ansel Adams, served as the Director for this work and wrote the introduction. This volume served to promote the 1940 photographic show at the Palace of Fine Arts on Treasure Island. What is notable about this survey of photography is the number of women included in the exhibition. Dorothea Lange, provided the text of the section, "Documentary Photography. The publication also included a section on California women photographers, highlighting the work of these accomplished artists.

[Finale in Action,] 1939

From a *[Collection of images of Golden Gate International Exposition, San Francisco, California]*

Silver gelatin photograph

The grand finale of Billy Rose's Aquacade, a talent show that flowed in and out of the water, was a Yankee Doodle scene. Writing in Treasure Island, Richard Reinhardt describes the spectacle as follows, "Billy Rose put it at the end to send the customers away whistling. It stayed in your head, all right -- a swirl of red, white and blue flags and cheery swimmers with their chins up... ." This image suggests the energy and scale of the production.



GOLDEN GATE INTERNATIONAL EXPOSITION

Billy Rose's Aquacade

[San Francisco, 1940]

One of the most memorable happenings on Treasure Island, was Billy Rose's fabulous aquacade. Synchronized human bodies formed spectacular patterns and arrangements while others performed breath-taking feats as they soared from on high, down to the water below. These tour de force water displays featured the young Esther Williams. Promoted as "Aquabelle Number One," Williams was the symbol of the ideal American woman - healthy, alert, vibrant, cultured and intelligent. Williams later went on to a successful Hollywood career.

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EXOTIC EROTIC BALL '08: MUSIC, COSTUMES AND CRAPPY BUSES

Written by Anya Panto
Tuesday, 28 October 2008

Page 1 of 2

The Exotic Erotic Ball and Expo had its 29th annual show over the weekend. For the first time, the shindig was moved from San Francisco's Cow Palace arena to the more spacious but understandably more suspect venue on Treasure Island, the former Naval base just off the city's coast. The move didn't seem to work out as well as hoped, with this year's attendees complaining about bad transportation, lack of organization and underwhelming performers.



Having never been before, I planned to attend the Expo on Friday and Saturday, hoping for a lively turnout. Soon as I walked in, it became apparent that the Expo was not so much a convention as it was a handful of vendors barely filling out an airplane hangar. Guests looked like mall loiterers, the kinky Burlesque Stage titillating only a sparse crowd, and a stage of Asian diva strippers entertained mostly professional photographers. Not that there weren't anything good to see, mind you—sexy paintings, crafts and even furniture abound. I was particularly taken by Nikita Duncan's series of abstract paintings representing the orgasms of various people she'd interviewed. Then there was Pricasso, the incredible artist who would paint your portrait with his penis. It cost \$50 for the same quality of caricature you would get for \$20 at a theme park, but hey, it comes with a DVD documenting him painting your mug, so you can prove to family and friends that the great Picasso lived up to his name.

Oh, and there were some \$5 porn bargain bins, too. It's about as nasty as it sounds like.

Once the Ball started Saturday night, however, we finally got to see the whole shebang. Thousands and thousands of people showed up, most either in wild costumes or simply half naked—many of them drunk and hitting on each other. It was definitely not the classy affair it was described to me by Exotic Erotic Ball veterans. Though yours truly was moderately dressed in suit jacket and tee, the two ladies escorting me (not that kind of escort, thank-yewverymuch) were dressed appropriately provocative. Four visibly drunken middle-aged superheroes cuddled and eye-raped my friend, refusing to let her go even when we told them we were done, which was somewhat amusing, but mostly just gross. The Burlesque Stage then lit up with live S&M acts and a brief Rocky Horror Picture Show performance. It was an improvement over the daytime Expo. The real Ball, though, was inside the three big tents erected on the lot outside the Expo.

We checked the VIP tent first, surveying go-go dancers, in various themed stages, doing their thing. There was a guy we always see at all of these SF events, masturbating away in the middle of the room. We said hi briefly—I waved, he jerked—but I was mostly intrigued by the huge zombie cage in front of him. Those girls in there had to be experiencing some kind of sexual gratification out of being trapped like that. How else did they stay in-character as zombies for so long? George Romero couldn't get his extras to be that dedicated. Still, even with that performance, the \$150 VIP ticket was pushing it, especially without so much of a free drink or a seduced bathroom. Waiting half-an-hour in line for a disgusting overflowing port-a-potty totally screams "Very Important Person." There was also a VIP gift bag promised, that turned out to be a very lame bag of useless flyers and one DVD. Condoms or lube too much to ask for? What a rip.

The Bling Bling Stage tent had DJs and hip hop acts like Tone Loc, who made the crowd believe he is indeed called Mr. Wild Thing. Over at the Main Stage was the big erotic show, with Ball emcee Paul Nathan shaving porn star Mika Tan's you-know-what and two girls boxing onstage while wearing nothing but gas masks. There was something political about the latter, but I think something else was distracting my analytical perception of their display a little bit. The crowning point, wouldn't you know it, was literally a crowning. Danny Bonaduce and Rock of Love's Heather Chadwell hosted the Mr. and Mrs. Exotic Erotic contest, letting the crowd decide the two sexiest individuals of the night with a cheer-o-meter. I often wondered if those VH1 shows have actual fans or if a large portion of their viewership are simply TV zombies who can't resist trainwrecks, but a woman in front of me proved once and for all that the former group does exist. She screamed, bounced, and shouted her love for the reality TV star like a fourteen-year-old girl witnessing Zac Efron fellate himself. Evidently, Bret Michaels' STDs breed idols.



The Main Stage wrapped with Los Angeles Battle of the Bands winner LadyFOX, a tight rock act that suffered from being a rock act when the audience only wanted to dance and act sexy. By the second song, they already started ignoring the band, migrating to the Bling Bling tent where a full-on rave was happening. I stayed with LadyFOX for a bit with about a dozen others, before I caved and joined the fun next door. No wonder many of the attendees expressed disappointment. Clearly, they had no famous showstoppers this year, unlike 2007's Snog Dope and Bubba Sparxxx or 2006's George Clinton and Naughty by Nature.



In the end, the real attraction were the guests themselves. The sexy, dirty-minded people who showed up to party and celebrate their sexuality... by dressing up in costumes or body paint. The costumes we saw ranged from the elaborate (a giant vagina) to the funny (Jedi with dildo lightsaber) to the obviously-just-there-to-tease (angel in lingerie). By and large, it was a preview of what we're bound to see come Halloween night: sexy nurses, sexy nuns, sexy kitty cats, mermaids, and lots and lots of Heath Ledger Jokers. Oy. I counted two guys who actually committed to the idea—one in the full purple suit, one in a nurse outfit—the rest just painted their faces 'cause it's easy.

The Ball was nothing short of a blast, even if the ticket price was questionable and the venue's production value unsatisfactory—the spirit of the celebration kept it going. Apparently, it was the location that proved to be the kink in the system. Since I actually live on Treasure Island, I can with good conscience say that the view from this place is phenomenal, but the view of this place is far from it. Take a look yonder and you'll find a stunning picturesque snapshot of the San Francisco skyline, punctuated by the Bay Bridge hunching gloriously over the water and towards the city. Then you turn around and it's all dark abandoned buildings, deserted bunkers and boarded-up stores just waiting for a corpse to be dumped inside and not found for another twenty years. The problem was that attendees were told not to bring their cars to the island and pay for a special shuttle ride instead, described as giant limos equipped with flat screen TVs and leather seating, plus no line to get on them. Something or other fell through at the last minute and those people had to wait a ridiculous line at AT&T Park to get on grimy tour buses packed to the brim. Might as well had taken the public bus—would have been more capacious. I do hope those poor souls got refunds, because otherwise it was a grave case of false advertising.

As someone who walked fifteen minutes from his home to the venue, the new location was fine with me. Having heard the angry mutters of fellow Ball attendees on our way out (and later online), though, I can't help but side with that one topless woman's declaration that they should either move it back to Cow Palace or announce this year's Ball as the last. We'll see what happens at the 30-year anniversary.

Next: Photo Gallery

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Comments

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Janice Anderson Parker - One day late...

[70.71.200.Xxx] 28 October 2008 @ 02:39 PM

Being in the entertainment biz for over 15 years, I will say it was a fantastic party, but not as entertaining as previous years. We got there early to catch the Sonic Bids indie band winner "Carnival of Sin" a Motley Crue Tribute who I was told puts on an amazing show... but they took the stage Friday Night. I did track the band down in the VIP Tent as they were having pictures taken with Danny Bonaduce and Heather from the TV series "Rock of Love". We partied with them for most of the night until Ton Loc started his show. I only hope the 30 year EEB is back on track and kickin' azz

J A Parker

Reply | Quote

1 0

Terry Morris - Carnival Of Sin & EEB

[64.253.142.Xxx] 28 October 2008 @ 02:39 PM

I enjoyed the Ball, to spite the ground transportation problems, but I cannot compare it to other years as this was our first

I also caught the Crue Tribute Carnival of Sin on the Friday Night. They were awesome. I saw them perform before in LA. Yes, sorry to say, you did miss a good show

TM

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0 0

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The aftermath of the 2008 Exotic Erotic Ball fiasco

By Bonnie Ruberg

Published on November 03, 2008 at 7:17pm

Naked people are supposed to be fun, and last Saturday night's Exotic Erotic Ball was full of them. Women wearing only pasties for tops, men in thongs, even Santa Claus with no pants: The annual pre-Halloween masquerade, now in its 29th year, had it all. Add a smattering of go-go dancers, booths selling glass dildos, and a guy painting portraits with his penis, and the event — which had an estimated 7,000 attendees, some of whom paid more than \$100 for tickets — should have been a blast. So why, according to partygoers, did it suck so hard?



Aaron Farmer

Subject(s):
Bonnie Ruberg on Exotic Erotic Ball 2008

were stuck in hour-long lines waiting for spots on grimy sightseeing buses, the limos' replacements. Throughout the night, the transportation situation only got worse. One unlucky reader tells how she crammed onto the upper deck of a bus on the way over, only to be forced to catch a cab home or wait 80 minutes for a shuttle. Another got turned away from AT&T park, was told to drive to Treasure Island, and then had his car broken into.

Howard Mauskopf, the executive producer of the event, admits that the shuttle fiasco was "without doubt the biggest fuck-up in the 29-year history of the ball. It was atrocious, and we're sorry."

Bauer's, the limo company he'd hired, pulled out days before

The biggest problem with this year's ball, according to the 30-plus readers who vented their frustration in the comments section of our blog All Shook Down, was the shuttle service. Previously held at Cow Palace, the event moved this year to Treasure Island, where parking and traffic concerns led organizers to set up shuttles that would run from AT&T Park. For \$12 roundtrip, the ball's Web site promised giant limos with high-def TVs and "absolutely no waiting."

Trouble was, those limos never showed up. Instead, partygoers

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PERSONAL OF THE DAY



the event, Mauskopf says. Instead of collecting cash from shuttle riders as agreed, the company wanted all the money upfront. "We couldn't possibly comply," Mauskopf insists.

So at the 11th hour he called every bus company in the city, even getting Muni to pitch in. For now, he's personally responding to every complaint he receives, and is considering refunds on a case-by-case basis. He hints that he may take legal action against Bauer's: "In time, a judge may rule it wasn't our fault."

According to Gary Bauer, the president of the limo company in question, that's not how things went at all, though. "I have a written contract that states very, very clearly they were always supposed to pay the money upfront," he says. As of the Friday before the event, however, the ball had only paid \$5,000, about 7 percent of the total bill. "We tried to work with them," Bauer stresses, "but we're not in the business of collecting money from passengers, and we can't work for free."

Shuttle fiasco aside, Mauskopf maintains that the party itself went fine, that the transportation issue just put attendees in a bad mood — and that people commenting on a blog are sure to form a lynch mob. "Look at the world we're in. Everyone's disposition is a couple of notches less than it's supposed to be. When you have a party that's supposed to be an escapist thing, and something goes wrong, it's almost like a betrayal."

Mauskopf's plan for next year: no more shuttles.

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DATE	TYPE	LOCATION	EVENT	START	END	GUESTS
Sat	Wedding	Casa de la Vista	Blue-Water Party Reception	10:30AM		
01 Nov 08	Concert	Building One	Mill Valley Philharmonic Laurie Cohen, Direc	8AM	6PM	public
01 Nov 08	Wedding	Chapel	Sandy He/Kevin Wu	1PM	6PM	180
01 Nov 08	Wedding	Casa de la Vista	Sandy He/Kevin Wu	12:00Noon	11PM	180
02 Nov 08	Wedding	Chapel	Mirian Saez			
02 Nov 08	Wedding	Casa de la Vista	Mirian Saez	11AM	10PM	
02 Nov 08	Worship	Library	Bishop Rachelle Pierson	9AM	2PM	
03 Nov 08	Rental Pick up	Building One	Mill Valley Philharmonic - Blue Water	7AM		
03 Nov 08	Luncheon	Casa de la Vista	Mirian Saez -meeting	10AM	1PM	7
07 Nov 08	Rehearsal	Casa de la Vista	Livia Chiang / Matty Gerrig	4:30PM	5:30PM	
08 Nov 08	Wedding	Casa de la Vista	Livia Chiang / Matty Gerrig	5PM	12AM	
08 Nov 08	Triathlon	Building 180 park lot	Tri Triathlon	7AM	5PM	3,000
09 Nov 08	Worship	Library	Bishop Rachelle Pierson	9AM	2PM	
09 Nov 08	Triathlon	Building 180 park lot	Tri Triathlon	7AM	5PM	3,000
11 Nov 08	Meeting	Casa de la Vista	Citizens Advisory Board Mtg	5PM	8:30PM	Andrea Buss
12 Nov 08	TIDA Board mtg	Library	Tent hold TIDA Board Mtg - Peter Holm	6PM		
13 Nov 08	TIDA	Building One Lobby	Art Opening - gallery	2pm	10pm	
15 Nov 08	Wedding	Casa de la Vista	Wendy Parkhurst/Nicholas Kingshill	2PM	11PM	180
15 Nov 08	Dinner	B-3 & B-3 Lot	Safeway Foundation			
16 Nov 08	Worship	Library	Bishop Rachelle Pierson	9AM	2PM	
16 Nov 08	Private Tasting	Casa de la Vista	WVC Private Open House Tasting	11:30AM	3:00PM	130
19 Nov 08	Production	B-3 & B-3 Lot	Film Commission			
20 Nov 08	Set-Up	Casa de la Vista	Blue-Water Party Reception	1:00pm		
21 Nov 08	Birthday Party	Casa de la Vista	Brett Sharenow	5PM	1AM	120
22 Nov 08	Wedding	Casa de la Vista	Blue Water Party Reception	11AM		
22 Nov 08	Wedding	Casa de la Vista	Karen and Peter's Wedding	5PM	12AM	150
23 Nov 08	Worship	Library	Bishop Rachelle Pierson	9AM	2PM	
29 Nov 08	Quilcinerra	Casa/Library	Suzanne Mendoza/Avo's Referral	5pm	12AM	
11/20-12/20	Holiday Event	Great Lawn	Stanlee Galli			

	DATE	TYPE	LOCATON	EVENT	START	END	GUESTS
Sun	30 Nov 08	Worship	Library	Bishop Rachelle Pierson	9AM	2PM	
Thu	04 Dec 08	Corporate	Casa de la Vista	Occidental College	4pm	9pm	100
Fri	05 Dec 08	Holiday Party	Casa de la Vista	Team Commercial Construction	1PM	2AM	150
Sat	06 Dec 08						
Wed	10 Dec 08	TIDA Board mtg	Library	Tent hold TIDI Board Mtg - Peter Holm	6PM		
Fri	12 Dec 08	Reception	Casa de la Vista	Kathy Grogan	11AM	2PM	250
Fri	12 Dec 08	Dinner	Casa de la Vista	St Rose Hospital	7PM	12midnight	120
Sat	13 Dec 08	Vendor Meets	Library	Stanlee Gaffi	8AM	12midnight	500
Sat	13 Dec 08	Holiday Party	Casa de la Vista	Bell, Rosenberg & Hughes	4PM	11PM	100
Sat	13 Dec 08	Social Event	Great Lawn	Stanlee Gaffi			200-300 cars
Tue	16 Dec 08	Meeting	Casa de la Vista	Navy - RAB Meeting	4PM	9PM	50
Wed	31 Dec 08	Holiday Party	Casa de la Vista	Janelle Brosky	7PM	1AM	150

CITY & COUNTY OF SAN FRANCISCO



MIRIAN SAEZ
DIRECTOR OF ISLAND OPERATIONS

TREASURE ISLAND DEVELOPMENT AUTHORITY

410 AVENUE OF THE PALMS
BLDG. ONE, 2ND FLOOR, TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660 FAX (415) 274-0299
WWW.SFGOV.ORG/TREASUREISLAND

To: Treasure Island Development Authority Board of Directors
From: Mirian Saez, Director of Island Operations
Date: November 7, 2008
Re: Use Permit and Film Permit Waivers and Reductions

The following reductions and waivers for short-term Use Permits and Film Permits were granted between the October 22, 2008 TIDA Board meeting and November 10, 2008:

Reductions:

- November 8th - Milimeter Films – Building One Lobby

Waivers:

- November 8th – Academy of Art Student Film – Outdoor Locations
- November 5th – SFPD K9 Unit – Yerba Buena Island Quarters 1
- October 30th – SFPD K9 Unit – Yerba Buena Island Quarters 1
- October 25th – TIHDI Community Picnic – Great Lawn





THE SAN FRANCISCO-OAKLAND BAY BRIDGE SEISMIC SAFETY PROJECTS

CALTRANS BAY AREA TOLL AUTHORITY CALIFORNIA TRANSPORTATION COMMISSION

October 30, 2008



Mirian Saez
Director of Island Operations
Treasure Island Development Authority
410 Avenue of Palms, Bldg. 1, 2nd Floor
San Francisco, CA 94130

Dear Ms. Saez:

On behalf of the Department of Transportation's Toll Bridge Program, I want to thank you for participating in the Yerba Buena Island Transition Structure Contract 1 Bidder's Conference/Contractor Outreach event, held Thursday, September 18, 2008 on Treasure Island.

Your warm welcome remarks during the event's kick-off helped set the stage for what was a truly successful event. We appreciate you sharing the details regarding the history of Treasure Island. Thank you for the use of the Casa De La Vista facility, and for providing a few members of your staff, they played an important role towards making our event a success. Thank you again for your support.

Sincerely,

DEREK J. POOL, P.E.
Small Business Manager, Toll Bridge Program



The
JOHN STEWART COMPANY

1388 SUTTER STREET, 11TH FLOOR
SAN FRANCISCO, CA 94109-5427

415.345.4400
FAX 614.9175
WWW.JSCO.NET

MEMORANDUM

To: Marian Saez, Director of Operations
Treasure Island Development Authority
City of San Francisco
410 Palm Avenue
Building 1, 2nd Floor
Treasure Island,
San Francisco, CA 94130

cc. Mark McDonald, TIDA
John Stewart, JSCO
Paula Schlunegger, JSCO

Gary Griffin, Edison Capital
Loren Sanborn, JSCO
Lynny Lee, JSCO

Ned York, JSCO
Connie Le, JSCO
Jack Gardner, JSCO

From: Michael Smith-Heimer

Date: September 20, 2008

RE: **Percentage Rent for Treasure Island Housing Project Sublease for August 2008**

W/O PYMT

Enclosed is our payment of Percentage Rent in the amount of \$522,901 per the sublease agreement. This figure is based on the calculations on the accompanying attachment. You should note that these expenses include funding reserves as outlined in the sublease requirements as well as accrued the funds to pay Possessory Interest charges of the property.

Calculation of Funds Available for Distribution

TIDA receives 95% revenues remaining after adjusting gross revenues by operating expenses, current accretion due and the repayment of ledger balances based on sublease specifications. Funds expended for replacement reserve eligible items are expensed in the period expenses are recognized. To the degree that these costs are reimbursed from the replacement reserve account, percentage rent will be adjusted in the period that the reserve draw is approved.

For the month of August, Actual Total Revenues were above Budgeted Total Revenues by about 1.2% while Actual Total Operating Expenses were below Budgeted Total Operating Expenses by about 1.8% (due to tax insurance categories savings of about \$15K and significant administrative cost savings for the period and reserve expenditures of 65K - 1.8% below the monthly budget for July). The result was that Funds Available for Distribution were about 4.5% above budget

Calculation of Percentage Rent

Based on operations, a total of 634,661 in adjusted Gross Revenues after costs of operations are available for distribution reflecting the July Period. These revenues are distributed as follows:

<u>July 2008 Distributions</u>	<u>Actual</u>	<u>Budgeted</u>
Available for Distribution	\$ 550,422	526,909
Percentage rent for TIDA	\$ 522,901	500,564
Percentage rent for JSCO	27,521	26,345

This percentage rent breakdown reflects the current year split by TIDA/JSCO. Beginning in April 2005 disbursements, TIDA receives 95% of revenues after expenses, while the John Stewart Company percentage is 5% of the amount.

attachment



ESTIMATE OF REVENUES AND OPERATING EXPENSES
August 2008 Operations for Treasure Island Project

Draw 03	Draw 04	Draw 05	Draw 06	Draw 07	Draw 08	Draw 09	Draw 10	Draw 11	Draw 12	Draw 13	Draw 14	Draw 15
Draw 03	Draw 04	Draw 05	Draw 06	Draw 07	Draw 08	Draw 09	Draw 10	Draw 11	Draw 12	Draw 13	Draw 14	Draw 15
Units ready for occupancy at Beginning of month												
Units Leased and Occupied during month												
Aggregate Units Leased and Occupied during month												
Average Unit Rent												
REVENUE FROM OPERATIONS												
Estimate of Gross Revenue												
Less: Estimated Bad Debt												
Financial Income (ex. marketing from Sept. 2000 onward)												
Credit Check Revenue												
Other Revenue												
Expenses Collected												
EXPENSES FROM OPERATIONS												
6300 ADMINISTRATIVE EXPENSES												
6310 Advertising/Marketing												
6320 Office Supplies												
6330 Office Space												
6340 Office Utilities												
6350 Office Supplies												
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6380 Office Supplies												
6390 Office Supplies												
6400 Legal/Environmental												
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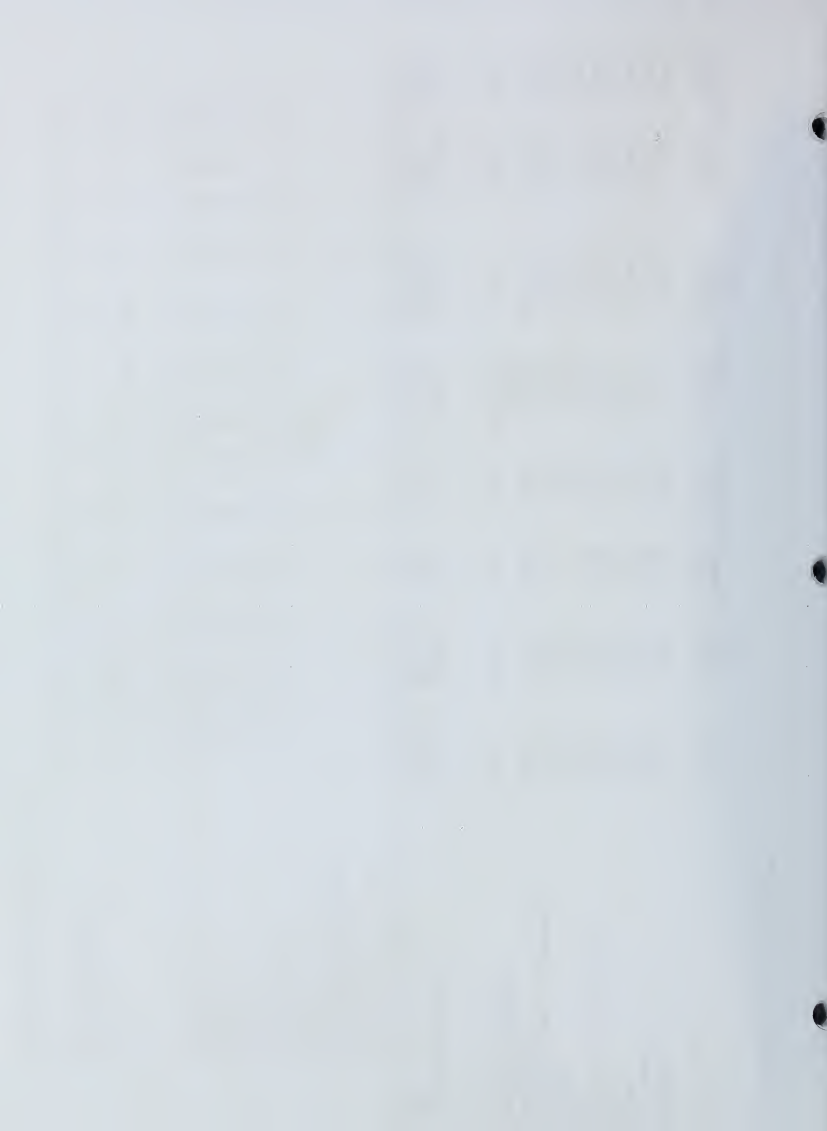
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August 2008 Operations for Treasure Island Project

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COMPARISON TO BUDGET August 2008

	August			YEAR TO DATE				
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
Total Revenue	1,118,775	1,105,869	12,906	1.17%	8,987,672	8,846,952	140,720	1.59%
Marketing	6,315	8,454	(2,139)	-25.30%	64,783	67,632	(2,849)	-4.21%
Administrative	87,276	91,682	(4,406)	-4.81%	613,713	733,456	(119,743)	-16.33%
Utilities	148,098	145,095	3,003	2.07%	1,176,275	1,160,760	15,515	1.34%
O&M	150,915	144,056	6,859	4.76%	1,083,173	1,152,448	(69,275)	-6.01%
Tax Ins (inc. community room)	52,588	66,092	(13,504)	-20.43%	663,968	528,736	135,232	25.58%
Rent	46,230	45,521	709	1.56%	365,895	364,168	1,727	0.47%
Reserves	11,560	11,560	-	0.00%	92,480	92,480	-	0.00%
Replacement (excl. anticipated draw)	65,371	66,500	(1,129)	-1.70%	440,878	532,000	(91,122)	-17.13%
Total Expenses	568,353	578,960	(10,607)	-1.83%	4,501,166	4,631,680	(130,514)	-2.82%
Prior Period Adjustments					(128,644)			
Available for Distribution	550,422	526,909	23,513	4.46%	4,615,150	4,215,272	399,878	9.49%
Available for Distribution	550,422	526,909	23,513	4.46%	4,615,150	3,688,363	926,787	25.13%
TIDA	522,901	500,564	22,337	4.46%	4,384,393	3,003,381	880,448	29.32%
JSCo	27,521	26,345	1,175	4.46%	230,758	158,073	46,338	29.31%





September 30, 2008

Peter Summerville
Treasure Island Development Authority
410 Avenue of the Palms, Building 1, 2nd Floor
San Francisco, CA 94130

Dear Mr. Summerville:

I am writing in regard to the loan request made by the National Building Museum for the following object which you had generously agreed to lend for exhibition in *Designing the World of Tomorrow: America's World's Fairs of the 1930s*, previously scheduled to open in May 2009.

- Miguel Covarrubias, *Transportation* (Mural, Hall of Pacific Relations, Golden Gate International Exposition), 1939. Masonite tile. 8' x 13'

The exhibition, renamed *Designing Tomorrow: America's World's Fairs of the 1930s*, has been postponed. Several factors have contributed to this difficult decision, not the least of which is the current economic situation and its effect on fundraising efforts. Nonetheless, the Museum remains committed to the exhibition and we are adjusting our efforts towards an estimated opening date sometime in late 2010.

We greatly appreciate your generosity in agreeing to lend this work from your collection, and hope that your exhibition and lending schedule will still permit you to make this mural available to the National Building Museum. Once a new opening date has been confirmed, I will contact you with the revised loan period information.

Please do not hesitate to contact me with any questions you may have about the exhibition or plans for installation.

Sincerely,

Sarah Schiavo

Laura B. Schiavo, Ph.D.
Curator

*Dear Peter -
Oh dear! After all that!
Let's be in touch soon.
-Laura*

202.272.2448, ext. 3405 ~ Fax 202.272.0136
lschiavo@nbm.org



MEMORANDUM

To: Marian Saez, Director of Operations
Treasure Island Development Authority
City of San Francisco
410 Palm Avenue
Building 1, 2nd Floor
Treasure Island,
San Francisco, CA 94130

cc. Mark McDonald, TIDA
John Stewart, JSCo
Paula Schlunegger, JSCo

Gary Griffin, Edison Capital
Loren Sanborn, JSCo
Lynny Lee, JSCo

Ned York, JSCo
Connie Le, JSCo
Jack Gardner, JSCo

From: Michael Smith-Heimer

Date: October 20, 2008

RE: Percentage Rent for Treasure Island Housing Project Sublease for September 2008

Enclosed is our payment of Percentage Rent in the amount of \$568,058 per the sublease agreement. This figure is based on the calculations on the accompanying attachment. You should note that these expenses include funding reserves as outlined in the sublease requirements as well as accrued the funds to pay Possessory Interest charges of the property.

Calculation of Funds Available for Distribution

TIDA receives 95% revenues remaining after adjusting gross revenues by operating expenses, current accretion due and the repayment of ledger balances based on sublease specifications. Funds expended for replacement reserve eligible items are expensed in the period expenses are recognized. To the degree that these costs are reimbursed from the replacement reserve account, percentage rent will be adjusted in the period that the reserve draw is approved.

For the month of September, Actual Total Revenues were above Budgeted Total Revenues by about 1.5% while Actual Total Operating Expenses were below Budgeted Total Operating Expenses by about 8.5% (due to tax insurance categories savings of about \$13K and significant administrative cost savings for the period and reserve expenditures of 40K - 40% below the monthly budget for September). The result was that Funds Available for Distribution were about 12.5% above budget

Calculation of Percentage Rent

Based on operations, a total of 592,692 in adjusted Gross Revenues after costs of operations are available for distribution reflecting the September Period. These revenues are distributed as follows:

<u>September 2008 Distributions</u>	<u>Actual</u>	<u>Budgeted</u>
Available for Distribution	\$ 592,692	526,909
Percentage rent for TIDA	\$ 563,058	500,564
Percentage rent for JSCo	29,634	26,345

This percentage rent breakdown reflects the current year split by TIDA/JSCo. Beginning in April 2005 disbursements, TIDA receives 95% of revenues after expenses, while the John Stewart Company percentage is 5% of the amount.

attachment



ESTIMATE OF REVENUES AND OF EXPENSES FOR THE 2008 CREATIONS FOR TREASURE ISLAND PROJECT

Draw 164	Draw 163	Draw 162	Draw 161	Draw 160	Draw 159	Draw 158	Draw 157	Draw 156	Draw 155	Draw 154	Draw 153	Draw 152	Draw 151	Draw 150	Draw 149	Draw 148	Draw 147	Draw 146	Draw 145	Draw 144	Draw 143	Draw 142	Draw 141	Draw 140	Draw 139	Draw 138	Draw 137	Draw 136	Draw 135	Draw 134	Draw 133	Draw 132	Draw 131	Draw 130	Draw 129	Draw 128	Draw 127	Draw 126	Draw 125	Draw 124	Draw 123	Draw 122	Draw 121	Draw 120	Draw 119	Draw 118	Draw 117	Draw 116	Draw 115	Draw 114	Draw 113	Draw 112	Draw 111	Draw 110	Draw 109	Draw 108	Draw 107	Draw 106	Draw 105	Draw 104	Draw 103	Draw 102	Draw 101	Draw 100	Draw 99	Draw 98	Draw 97	Draw 96	Draw 95	Draw 94	Draw 93	Draw 92	Draw 91	Draw 90	Draw 89	Draw 88	Draw 87	Draw 86	Draw 85	Draw 84	Draw 83	Draw 82	Draw 81	Draw 80	Draw 79	Draw 78	Draw 77	Draw 76	Draw 75	Draw 74	Draw 73	Draw 72	Draw 71	Draw 70	Draw 69	Draw 68	Draw 67	Draw 66	Draw 65	Draw 64	Draw 63	Draw 62	Draw 61	Draw 60	Draw 59	Draw 58	Draw 57	Draw 56	Draw 55	Draw 54	Draw 53	Draw 52	Draw 51	Draw 50	Draw 49	Draw 48	Draw 47	Draw 46	Draw 45	Draw 44	Draw 43	Draw 42	Draw 41	Draw 40	Draw 39	Draw 38	Draw 37	Draw 36	Draw 35	Draw 34	Draw 33	Draw 32	Draw 31	Draw 30	Draw 29	Draw 28	Draw 27	Draw 26	Draw 25	Draw 24	Draw 23	Draw 22	Draw 21	Draw 20	Draw 19	Draw 18	Draw 17	Draw 16	Draw 15	Draw 14	Draw 13	Draw 12	Draw 11	Draw 10	Draw 9	Draw 8	Draw 7	Draw 6	Draw 5	Draw 4	Draw 3	Draw 2	Draw 1	Draw 0	Draw -1	Draw -2	Draw -3	Draw -4	Draw -5	Draw -6	Draw -7	Draw -8	Draw -9	Draw -10	Draw -11	Draw -12	Draw -13	Draw -14	Draw -15	Draw -16	Draw -17	Draw -18	Draw -19	Draw -20	Draw -21	Draw -22	Draw -23	Draw -24	Draw -25	Draw -26	Draw -27	Draw -28	Draw -29	Draw -30	Draw -31	Draw -32	Draw -33	Draw -34	Draw -35	Draw -36	Draw -37	Draw -38	Draw -39	Draw -40	Draw -41	Draw -42	Draw -43	Draw -44	Draw -45	Draw -46	Draw -47	Draw -48	Draw -49	Draw -50	Draw -51	Draw -52	Draw -53	Draw -54	Draw -55	Draw -56	Draw -57	Draw -58	Draw -59	Draw -60	Draw -61	Draw -62	Draw -63	Draw -64	Draw -65	Draw -66	Draw -67	Draw -68	Draw -69	Draw -70	Draw -71	Draw -72	Draw -73	Draw -74	Draw -75	Draw -76	Draw -77	Draw -78	Draw -79	Draw -80	Draw -81	Draw -82	Draw -83	Draw -84	Draw -85	Draw -86	Draw -87	Draw -88	Draw -89	Draw -90	Draw -91	Draw -92	Draw -93	Draw -94	Draw -95	Draw -96	Draw -97	Draw -98	Draw -99	Draw -100	Draw -101	Draw -102	Draw -103	Draw -104	Draw -105	Draw -106	Draw -107	Draw -108	Draw -109	Draw -110	Draw -111	Draw -112	Draw -113	Draw -114	Draw -115	Draw -116	Draw -117	Draw -118	Draw -119	Draw -120	Draw -121	Draw -122	Draw -123	Draw -124	Draw -125	Draw -126	Draw -127	Draw -128	Draw -129	Draw -130	Draw -131	Draw -132	Draw -133	Draw -134	Draw -135	Draw -136	Draw -137	Draw -138	Draw -139	Draw -140	Draw -141	Draw -142	Draw -143	Draw -144	Draw -145	Draw -146	Draw -147	Draw -148	Draw -149	Draw -150	Draw -151	Draw -152	Draw -153	Draw -154	Draw -155	Draw -156	Draw -157	Draw -158	Draw -159	Draw -160	Draw -161	Draw -162	Draw -163	Draw -164	Draw -165	Draw -166	Draw -167	Draw -168	Draw -169	Draw -170	Draw -171	Draw -172	Draw -173	Draw -174	Draw -175	Draw -176	Draw -177	Draw -178	Draw -179	Draw -180	Draw -181	Draw -182	Draw -183	Draw -184	Draw -185	Draw -186	Draw -187	Draw -188	Draw -189	Draw -190	Draw -191	Draw -192	Draw -193	Draw -194	Draw -195	Draw -196	Draw -197	Draw -198	Draw -199	Draw -200	Draw -201	Draw -202	Draw -203	Draw -204	Draw -205	Draw -206	Draw -207	Draw -208	Draw -209	Draw -210	Draw -211	Draw -212	Draw -213	Draw -214	Draw -215	Draw -216	Draw -217	Draw -218	Draw -219	Draw -220	Draw -221	Draw -222	Draw -223	Draw -224	Draw -225	Draw -226	Draw -227	Draw -228	Draw -229	Draw -230	Draw -231	Draw -232	Draw -233	Draw -234	Draw -235	Draw -236	Draw -237	Draw -238	Draw -239	Draw -240	Draw -241	Draw -242	Draw -243	Draw -244	Draw -245	Draw -246	Draw -247	Draw -248	Draw -249	Draw -250	Draw -251	Draw -252	Draw -253	Draw -254	Draw -255	Draw -256	Draw -257	Draw -258	Draw -259	Draw -260	Draw -261	Draw -262	Draw -263	Draw -264	Draw -265	Draw -266	Draw -267	Draw -268	Draw -269	Draw -270	Draw -271	Draw -272	Draw -273	Draw -274	Draw -275	Draw -276	Draw -277	Draw -278	Draw -279	Draw -280	Draw -281	Draw -282	Draw -283	Draw -284	Draw -285	Draw -286	Draw -287	Draw -288	Draw -289	Draw -290	Draw -291	Draw -292	Draw -293	Draw -294	Draw -295	Draw -296	Draw -297	Draw -298	Draw -299	Draw -300	Draw -301	Draw -302	Draw -303	Draw -304	Draw -305	Draw -306	Draw -307	Draw -308	Draw -309	Draw -310	Draw -311	Draw -312	Draw -313	Draw -314	Draw -315	Draw -316	Draw -317	Draw -318	Draw -319	Draw -320	Draw -321	Draw -322	Draw -323	Draw -324	Draw -325	Draw -326	Draw -327	Draw -328	Draw -329	Draw -330	Draw -331	Draw -332	Draw -333	Draw -334	Draw -335	Draw -336	Draw -337	Draw -338	Draw -339	Draw -340	Draw -341	Draw -342	Draw -343	Draw -344	Draw -345	Draw -346	Draw -347	Draw -348	Draw -349	Draw -350	Draw -351	Draw -352	Draw -353	Draw -354	Draw -355	Draw -356	Draw -357	Draw -358	Draw -359	Draw -360	Draw -361	Draw -362	Draw -363	Draw -364	Draw -365	Draw -366	Draw -367	Draw -368	Draw -369	Draw -370	Draw -371	Draw -372	Draw -373	Draw -374	Draw -375	Draw -376	Draw -377	Draw -378	Draw -379	Draw -380	Draw -381	Draw -382	Draw -383	Draw -384	Draw -385	Draw -386	Draw -387	Draw -388	Draw -389	Draw -390	Draw -391	Draw -392	Draw -393	Draw -394	Draw -395	Draw -396	Draw -397	Draw -398	Draw -399	Draw -400	Draw -401	Draw -402	Draw -403	Draw -404	Draw -405	Draw -406	Draw -407	Draw -408	Draw -409	Draw -410	Draw -411	Draw -412	Draw -413	Draw -414	Draw -415	Draw -416	Draw -417	Draw -418	Draw -419	Draw -420	Draw -421	Draw -422	Draw -423	Draw -424	Draw -425	Draw -426	Draw -427	Draw -428	Draw -429	Draw -430	Draw -431	Draw -432	Draw -433	Draw -434	Draw -435	Draw -436	Draw -437	Draw -438	Draw -439	Draw -440	Draw -441	Draw -442	Draw -443	Draw -444	Draw -445	Draw -446	Draw -447	Draw -448	Draw -449	Draw -450	Draw -451	Draw -452	Draw -453	Draw -454	Draw -455	Draw -456	Draw -457	Draw -458	Draw -459	Draw -460	Draw -461	Draw -462	Draw -463	Draw -464	Draw -465	Draw -466	Draw -467	Draw -468	Draw -469	Draw -470	Draw -471	Draw -472	Draw -473	Draw -474	Draw -475	Draw -476	Draw -477	Draw -478	Draw -479	Draw -480	Draw -481	Draw -482	Draw -483	Draw -484	Draw -485	Draw -486	Draw -487	Draw -488	Draw -489	Draw -490	Draw -491	Draw -492	Draw -493	Draw -494	Draw -495	Draw -496	Draw -497	Draw -498	Draw -499	Draw -500	Draw -501	Draw -502	Draw -503	Draw -504	Draw -505	Draw -506	Draw -507	Draw -508	Draw -509	Draw -510	Draw -511	Draw -512	Draw -513	Draw -514	Draw -515	Draw -516	Draw -517	Draw -518	Draw -519	Draw -520	Draw -521	Draw -522	Draw -523	Draw -524	Draw -525	Draw -526	Draw -527	Draw -528	Draw -529	Draw -530	Draw -531	Draw -532	Draw -533	Draw -534	Draw -535	Draw -536	Draw -537	Draw -538	Draw -539	Draw -540	Draw -541	Draw -542	Draw -543	Draw -544	Draw -545	Draw -546	Draw -547	Draw -548	Draw -549	Draw -550	Draw -551	Draw -552	Draw -553	Draw -554	Draw -555	Draw -556	Draw -557	Draw -558	Draw -559	Draw -560	Draw -561	Draw -562	Draw -563	Draw -564	Draw -565	Draw -566	Draw -567	Draw -568	Draw -569	Draw -570	Draw -571	Draw -572	Draw -573	Draw -574	Draw -575	Draw -576	Draw -577	Draw -578	Draw -579	Draw -580	Draw -581	Draw -582	Draw -583	Draw -584	Draw -585	Draw -586	Draw -587	Draw -588	Draw -589	Draw -590	Draw -591	Draw -592	Draw -593	Draw -594	Draw -595	Draw -596	Draw -597	Draw -598	Draw -599	Draw -600	Draw -601	Draw -602	Draw -603	Draw -604	Draw -605	Draw -606	Draw -607	Draw -608	Draw -609	Draw -610	Draw -611	Draw -612	Draw -613	Draw -614	Draw -615	Draw -616	Draw -617	Draw -618	Draw -619	Draw -620	Draw -621	Draw -622	Draw -623	Draw -624	Draw -625	Draw -626	Draw -627	Draw -628	Draw -629	Draw -630	Draw -631	Draw -632	Draw -633	Draw -634	Draw -635	Draw -636	Draw -637	Draw -638	Draw -639	Draw -640	Draw -641	Draw -642	Draw -643	Draw -644	Draw -645	Draw -646	Draw -647	Draw -648	Draw -649	Draw -650	Draw -651	Draw -652	Draw -653	Draw -654	Draw -655	Draw -656	Draw -657	Draw -658	Draw -659	Draw -660	Draw -661	Draw -662	Draw -663	Draw -664	Draw -665	Draw -666	Draw -667	Draw -668	Draw -669	Draw -670	Draw -671	Draw -672	Draw -673	Draw -674	Draw -675	Draw -676	Draw -677	Draw -678	Draw -679	Draw -680	Draw -681	Draw -682	Draw -683	Draw -684	Draw -685	Draw -686	Draw -687	Draw -688	Draw -689	Draw -690	Draw -691	Draw -692	Draw -693	Draw -694	Draw -695	Draw -696	Draw -697	Draw -698	Draw -699	Draw -700	Draw -701	Draw -702	Draw -703	Draw -704	Draw -705	Draw -706	Draw -707	Draw -708	Draw -709	Draw -710	Draw -711	Draw -712	Draw -713	Draw -714	Draw -715	Draw -716	Draw -717	Draw -718	Draw -719	Draw -720	Draw -721	Draw -722	Draw -723	Draw -724	Draw -725	Draw -726	Draw -727	Draw -728	Draw -729	Draw -730	Draw -731	Draw -732	Draw -733	Draw -734	Draw -735	Draw -736	Draw -737	Draw -738	Draw -739	Draw -740	Draw -741	Draw -742	Draw -743	Draw -744	Draw -745	Draw -746	Draw -747	Draw -748	Draw -749	Draw -750	Draw -751	Draw -752	Draw -753	Draw -754	Draw -755	Draw -756	Draw -757	Draw -758	Draw -759	Draw -760	Draw -761	Draw -762	Draw -763	Draw -764	Draw -765	Draw -766	Draw -767	Draw -768	Draw -769	Draw -770	Draw -771	Draw -772	Draw -773	Draw -774	Draw -775	Draw -776	Draw -777	Draw -778	Draw -779	Draw -780	Draw -781	Draw -782	Draw -783	Draw -784	Draw -785	Draw -786	Draw -787	Draw -788	Draw -789	Draw -790	Draw -791	Draw -792	Draw -793	Draw -794	Draw -795	Draw -796	Draw -797	Draw -798	Draw -799	Draw -800	Draw -801	Draw -802	Draw -803	Draw -804	Draw -805	Draw -806	Draw -807	Draw -808	Draw -809	Draw -810	Draw -811	Draw -812	Draw -813	Draw -814	Draw -815	Draw -816	Draw -817	Draw -818	Draw -819	Draw -820	Draw -821	Draw -822	Draw -823	Draw -824	Draw -825	Draw -826	Draw -827	Draw -828	Draw -829	Draw -830	Draw -831	Draw -832	Draw -833	Draw -834	Draw -835	Draw -836	Draw -837	Draw -838	Draw -839	Draw -840	Draw -841	Draw -842	Draw -843	Draw -844	Draw -845	Draw -846	Draw -847	Draw -848	Draw -849	Draw -850	Draw -851	Draw -852	Draw -853	Draw -854	Draw -855	Draw -856	Draw -857	Draw -858	Draw -859	Draw -860	Draw -861	Draw -862	Draw -863	Draw -864	Draw -865	Draw -866	Draw -867	Draw -868	Draw -869	Draw -870	Draw -871	Draw -872	Draw -873	Draw -874	Draw -875	Draw -876	Draw -877	Draw -878	Draw -879	Draw -880	Draw -881	Draw -882	Draw -883	Draw -884	Draw -885	Draw -886	Draw -887	Draw -888	Draw -889	Draw -890	Draw -891	Draw -892	Draw -893	Draw -894	Draw -895	Draw -896	Draw -897	Draw -898	Draw -899	Draw -900	Draw -901	Draw -902	Draw -903	Draw -904	Draw -905	Draw -906	Draw -907	Draw -908	Draw -909	Draw -910	Draw -911	Draw -912	Draw -913	Draw -914	Draw -915	Draw -916	Draw -917	Draw -918	Draw -919	Draw -920	Draw -921	Draw -922	Draw -923	Draw -924	Draw -925	Draw -926	Draw -927	Draw -928	Draw -929	Draw -930	Draw -931	Draw -932	Draw -933	Draw -934	Draw -935	Draw -936	Draw -937	Draw -938	Draw -939	Draw -940	Draw -941	Draw -942	Draw -943	Draw -944	Draw -945	Draw -946	Draw -947	Draw -948	Draw -949	Draw -950	Draw -951	Draw -952	Draw -953	Draw -954	Draw -955	Draw -956	Draw -957	Draw -958	Draw -959	Draw -960	Draw -961	Draw -962	Draw -963	Draw -964	Draw -965	Draw -966	Draw -967	Draw -968	Draw -969	Draw -970	Draw -971	Draw -972	Draw -973	Draw -974	Draw -975	Draw -976	Draw -977	Draw -978	Draw -979	Draw -980	Draw -981	Draw -982	Draw -983	Draw -984	Draw -985	Draw -986	Draw -987	Draw -988	Draw -989	Draw -990	Draw -991	Draw -992	Draw -993	Draw -994	Draw -995	Draw -996	Draw -997	Draw -998	Draw -999	Draw -1000	Draw -1001	Draw -1002	Draw -1003	Draw -1004	Draw -1005	Draw -1006	Draw -1007	Draw -1008	Draw -1009	Draw -1010	Draw -1011	Draw -1012	Draw -1013	Draw -1014	Draw -1015	Draw -1016	Draw -1017	Draw -1018	Draw -1019	Draw -1020	Draw -1021	Draw -1022	Draw -1023	Draw -1024	Draw -1025	Draw -1026	Draw -1027	Draw -1028	Draw -1029	Draw -1030	Draw -1031	Draw -1032	Draw -1033	Draw -1034	Draw -1035	Draw -1036	Draw -1037	Draw -1038	Draw -1039	Draw -1040	Draw -1041	Draw -1042	Draw -1043	Draw -1044	Draw -1045	Draw -1046	Draw -1047	Draw -1048	Draw -1049	Draw -1050	Draw -1051	Draw -1052	Draw -1053	Draw -1054	Draw -1055	Draw -1056	Draw -1057	Draw -1058	Draw -1059	Draw -1060	Draw -1061	Draw -1062	Draw -1063	Draw -1064	Draw -1065	Draw -1066	Draw -1067	Draw -1068	Draw -1069	Draw -1070	Draw -1071	Draw -1072	Draw -1073	Draw -1074	Draw -1075	Draw -1076	Draw -1077	Draw -1078	Draw -1079	Draw -1080	Draw -1081	Draw -1082	Draw -1083	Draw -1084	Draw -1085	Draw -1086
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ESTIMATE REVENUES AND OPERATING EXPENSES FROM OPERATIONS
September 2004 Operations for Treasure Island Project

DRAW	Draw 104	Draw 105	Draw 106	Draw 107	Draw 108	Draw 109	Draw 110	Draw 111	Draw 112	Draw 113	Draw 114	Draw 115	Draw 116
Units ready for occupancy at beginning of month	576	576	576	576	576	576	576	576	576	576	576	576	576
Units Leased and Occupied during month	539	539	539	545	540	541	541	539	539	542	540	539	540
Average Unit Rent													
6540 Repairs Contract	0	2,155	2,161	2,450	270	0	481	4,257	2,895	4,480	3,175	4,480	3,175
6540 Repairs (includes \$618 EOY adjustment in December, 2004)	6,442	2,959	13,842	6,214	471	6,835	9,350	3,153	3,153	3,153	3,153	3,153	3,153
6544 Electric Maintenance	56	998	1,032	1,032	6,373	2,678	1,074	1,074	1,074	1,074	1,074	1,074	1,074
6544 Elevator Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	0
6546 Heating and Cooling (includes \$201 EOY adjustment in December, 2004)	119	0	-119	-1,332	6,437	429	1,303	169	2,975	546	285	112	179
6546 Heating and Cooling (includes \$201 EOY adjustment in December, 2004)	25,331	198	15,696	256	1,230	25,030	5,230	5,230	18	270	-4,750	382	4
6546 Repair Material Environmental	197	384	384	256	1,344	-1,344	286	2,590	3,849	1,273	2,596	2,246	2,169
6550 Appliance Repairs	197	384	384	256	1,344	-1,344	286	2,590	3,849	1,273	2,596	2,246	2,169
6550 Appliance Repairs	197	384	384	256	1,344	-1,344	286	2,590	3,849	1,273	2,596	2,246	2,169
6550 YBI Maintenance Repair	1,410	806	2,827	1,595	1,034	0	394	0	394	188	-187	1,980	1,980
6550 Painting and Decorating (includes adj for August 2007)	0	2,470	0	0	100	181	325	1,440	0	243	812	213	288
6562 Roof Repair/Contract	998	512	96	288	433	316	316	595	1,591	367	0	0	0
6570 Vehicle Lease	18,827	8,151	48,622	16,393	20,076	13,808	5,208	28,410	24,707	35,564	55,117	45,533	33,385
6570 Maint and Equipment Repair (includes \$798 EOY adjustment in Dec)	7,491	5,431	6,427	7,431	7,336	1,933	5,820	9,278	1,917	14,046	5,596	14,463	6,771
6590 Misc. Oper and Maintenance	18,827	8,151	48,622	16,393	20,076	13,808	5,208	28,410	24,707	35,564	55,117	45,533	33,385
6590 Fire Damage Costs	18,827	8,151	48,622	16,393	20,076	13,808	5,208	28,410	24,707	35,564	55,117	45,533	33,385
7230 Interior Replacement (eligible for RRR Draw)	18,827	8,151	48,622	16,393	20,076	13,808	5,208	28,410	24,707	35,564	55,117	45,533	33,385
7230 Appliance Replacement (eligible for RRR Draw) (includes \$2,100 EOY adj in Dec)	18,827	8,151	48,622	16,393	20,076	13,808	5,208	28,410	24,707	35,564	55,117	45,533	33,385
7290 Relocation Expense	18,827	8,151	48,622	16,393	20,076	13,808	5,208	28,410	24,707	35,564	55,117	45,533	33,385
7290 Exterior Replacement (eligible for RRR Draw) (includes \$9,320 EOY adj in Dec)	18,827	8,151	48,622	16,393	20,076	13,808	5,208	28,410	24,707	35,564	55,117	45,533	33,385
Subtotal: Operating and Maintenance	18,827	8,151	48,622	16,393	20,076	13,808	5,208	28,410	24,707	35,564	55,117	45,533	33,385
6700 TAXES/INSURANCE	3,152	5,181	4,453	7,105	5,740	3,960	3,104	5,279	3,676	5,058	3,412	3,728	3,911
6711 Payroll Taxes	42,700	42,700	35,140	27,875	91,888	41,773	62,433	26,643	96,623	52,711	33,333	34,314	34,314
6720 Misc Licenses/Permits (inc. marketing in September, 2005 on)	4,084	3,685	5,057	3,685	3,012	3,016	3,046	4,747	3,418	3,418	3,301	3,427	3,357
6720 Workers Compensation (includes \$11 EOY adjustment in Dec)	2,496	2,496	2,496	2,496	2,496	2,496	2,496	2,496	2,496	2,496	2,496	2,496	2,496
6723 Employee Health and Life Insurance (includes 401K)	2,496	2,496	2,496	2,496	2,496	2,496	2,496	2,496	2,496	2,496	2,496	2,496	2,496
6710 Possessory Interest Tax	44,915	44,915	44,915	44,915	44,915	44,915	44,915	44,915	44,915	44,915	44,915	44,915	44,915
Base Rent Payment	134,397	134,397	134,397	134,397	134,397	134,397	134,397	134,397	134,397	134,397	134,397	134,397	134,397
Subtotal: Taxes/Insurance	134,397	134,397	134,397	134,397	134,397	134,397	134,397	134,397	134,397	134,397	134,397	134,397	134,397
6900 SERVICE EXPENSES	0	0	0	0	0	0	0	0	0	0	0	0	0
6901 Recreation Salaries	0	0	0	0	0	0	0	0	0	0	0	0	0
6902 Recreation Supplies (includes -\$160 EOY adjustment in Dec)	0	0	0	0	0	0	0	0	0	0	0	0	0
6905 Subtotal: Services	0	0	0	0	0	0	0	0	0	0	0	0	0
7000 REPAIRS/RENTAL ELIGIBLE EXPENSES	533,930	573,919	571,684	491,219	516,249	532,095	513,883	529,364	606,563	574,534	487,685	568,763	516,185
7100 CORPORATE EXPENSES	11,560	11,560	11,560	11,560	11,560	11,560	11,560	11,560	11,560	11,560	11,560	11,560	11,560
7101 Corporate Salaries	546,448	546,448	546,448	546,448	546,448	546,448	546,448	546,448	546,448	546,448	546,448	546,448	546,448
7102 Corporate Insurance	521,442	521,442	521,442	521,442	521,442	521,442	521,442	521,442	521,442	521,442	521,442	521,442	521,442
7103 Federal Income Tax	0	0	0	0	0	0	0	0	0	0	0	0	0
7131 State Income Tax	0	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal: Corporate Expenses	1,067,890	1,067,890	1,067,890	1,067,890	1,067,890	1,067,890	1,067,890	1,067,890	1,067,890	1,067,890	1,067,890	1,067,890	1,067,890
Adjustment for Operating Expense actuals for 2005 (reversal in Dec 2004)	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL OPERATING EXPENSES	1,067,890	1,067,890	1,067,890	1,067,890	1,067,890	1,067,890	1,067,890	1,067,890	1,067,890	1,067,890	1,067,890	1,067,890	1,067,890
Monthly Expense per Unit (net of Replacement Reserves)	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48
Less: Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0
Marketing Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48
Total Expenses (includes Net of Environmental)	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48
Per Unit Monthly Expenses (occupied unit pre ratio of Total Expenses)	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48	1,854.48
TOTAL ENVIRONMENTAL EXPENSES	24,988	1,271	18,445	0	1,239	25,039	5,239	5,239	1,876	279	-4,759	0	0

ESTIMATE OF REVENUES AND OPERATING EXPENSES

[illegible]

COMPARISON TO BUDGET September 2008

	September			YEAR TO DATE		
	Actual	Budget	Variance %	Actual	Budget	Variance %
Total Revenue	1,122,437	1,105,869	16,568 1.50%	10,110,109	9,952,821	157,288 1.58%
Marketing	5,076	8,454	(3,378) -39.95%	69,860	76,086	(6,226) -8.18%
Administrative	74,239	91,682	(17,443) -19.03%	687,952	825,138	(137,186) -16.63%
Utilities	147,186	145,095	2,091 1.44%	1,323,461	1,305,855	17,606 1.35%
O&M	152,487	144,056	8,431 5.85%	1,235,660	1,296,504	(60,844) -4.69%
Tax Ins (inc. community room)	53,179	66,092	(12,913) -19.54%	604,854	594,828	10,026 1.69%
Rent	46,230	45,521	709 1.56%	412,125	409,689	2,436 0.59%
Reserves	11,560	11,560	- 0.00%	92,480	92,480	- 0.00%
Replacement (excl. anticipated draw)	39,788	66,500	(26,712) -40.17%	480,666	598,500	(117,834) -19.69%
Total Expenses	529,745	578,960	(49,215) -8.50%	4,907,058	5,199,080	(292,022) -5.62%
Prior Period Adjustments				(128,644)		
Available for Distribution	592,692	526,909	65,783 12.48%	5,331,696	4,753,741	577,955 12.16%
Available for Distribution	592,692	526,909	65,783 12.48%	5,331,696	3,688,363	1,643,333 44.55%
TIDA	563,058	500,564	62,494 12.48%	5,065,111	3,003,381	1,561,166 51.98%
JSCO	29,634	26,345	3,288 12.48%	266,585	158,073	82,166 51.98%





committed to community
www.c2csi.org

Treasure Island Development Authority
Mirian Saez, Director of TIDA
410 Avenue of the Palms
Building 1, 2nd Floor
Treasure Island, San Francisco
California 94130



Dear Ms. Saez,

We wanted to contact you regarding our successful collaboration with Treasure Island Wineries. Last month we held a major fundraiser for our youth running program, JUST RUN® San Francisco and Treasure Island Wines stepped up to be the title sponsor when they heard our programs were offered on the island.

For the past two summers, our non-profit Committed 2 Community has teamed up with the Boys & Girls Club of Treasure Island to offer a running program to the children of Treasure Island. The mission of the Committed 2 Community (C2C) is to support the San Francisco community by producing participatory events and programs that will raise money for local non-profit organizations or provide needed services for underserved communities.

One entity managed by C2C, Youth Run4Fun, currently serves children that live in underserved neighborhoods where a majority of families live below the poverty line and the children do not receive adequate physical fitness in their daily lives. The JUST RUN® San Francisco program that was held at the Boys and Girls Club is just one of Youth Run4Fun's many programs and is aimed at combating childhood obesity and diabetes while promoting physical fitness and healthy lifestyle choices.

The Treasure Island participants were offered a wealth of information focusing on healthy lifestyles, diet & nutrition, tips on fitness as well as two coaching sessions per week in preparation for the 5k race at The San Francisco Marathon™. Free entry into the race in combination with transportation and lunch was provided to the children.

In an effort to increase awareness as well as funding for the youth program we held a wine & chocolate speaker series early August 2008 of which TI Wines fully supported through in-kind donations. Without TI Wines involvement we could not have held the fundraiser and greatly appreciate their support. It is businesses like TI Wines that focus on supporting local residents that will help Treasure Island reach their goals as a community. We were very fortunate to find such a wonderful company and felt it was important that you were aware of their community efforts.

If you would like more information on our programs on Treasure Island, please contact me directly. We look forward to opportunities that lie ahead and the change it will bring.

Sincerely,

Patricia Norman
Executive Director, JUST RUN San Francisco

CC: Rich Rovetti, Manager of Leasing
CC: Marc McDonald, Facilities Manager



Residential Advisory Notice

TREASURE ISLAND DEVELOPMENT AUTHORITY



Wednesday, October 22, 2008

The 2008 Exotic Erotic ball is scheduled for Hangar Three for Saturday night, October 25 from 8:00 p.m. to 2:00 a.m.

Please expect slight traffic delays on the Bay Bridge, The Causeway and in the Front Gate area.

California Avenue will be closed at Avenue F. Please plan to use Avenue of the Palms to access the TI residential area from 11:00 a.m. Saturday, October 25th through 11:00 a.m., Sunday October 26th.

Muni 108 service will reroute along Avenue of the Palms and continue its regular schedule of uninterrupted service throughout the night.

Please see the attached map.

TREASURE ISLAND
DEVELOPMENT
AUTHORITY

Administration Building
410 Avenue of the Palms
San Francisco, CA 94130

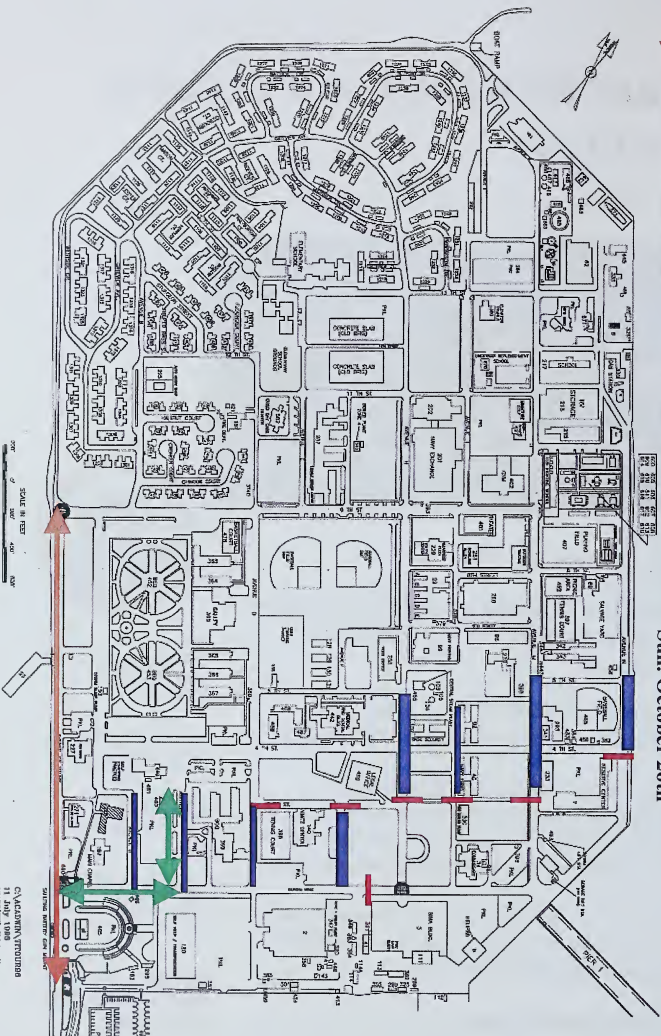
Phone: 415-274-0660
Fax: 415-274-0299
E-mail: TIDA@sfgov.org

If you wish to receive notices and community information electronically, please e-mail Marianne.Thompson@sfgov.org.

Mirian Saez,
Director of Island
Operations

-  No Stopping Zones—3 PM Oct. 25—4 AM Oct. 26
-  Street Closures—11AM Oct. 25—11 AM Oct. 26
-  Path of Travel for TI Job Corps—11AM Oct. 25—11 AM Oct. 26
-  Path of Travel for Island traffic and MUNI 108 bus—11AM Oct. 25—11 AM Oct. 26

Erotic Exotic Ball 2008 **Street Closures and Traffic Re-Routing** **Fri. October 24th** **Sat. October 25th** **Sun. October 26th**



Treasure Island Job Corps Center



410 Avenue, Bldg. 442
Treasure Island
San Francisco, California 94130

Phone: 415.277.2400
Fax: 415.705.1776

October 23, 2008



Treasure Island Development Authority
Treasure Island Project Office
410 Avenue of Palms
Building 1, 2nd Floor
Treasure Island
San Francisco, CA 94130
Attn: Mirian Saez, Director of Island Operations

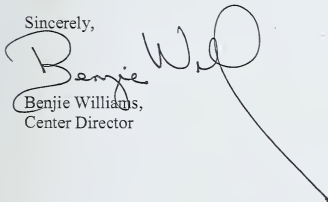
Dear Mirian:

I am writing this letter to advise you that Treasure Island Job Corps does not intend to renew the lease in regard to Cooks Café after November 30th, 2008.

Enclosed is the income statement since we began operation which details current losses of \$48,000.00 for a period ending August 2008. Terry Goldman, Director of Administration Services and Charles Fitzgerald, Culinary Manager will work closely with your staff to support a smooth transition.

Thank you for the opportunity to provide a valuable work based learning site to our trainees. However, the financial burden has proven to be a barrier to continuing the operation.

Sincerely,


Benjie Williams,
Center Director

Attached: Income Statement

Building Lives • Reaching Potential

www.rescare.com

Operated by ResCare for the Employment & Training Administration - U.S. Department of Labor
An Equal Opportunity Employer



RES-CARE
INCOME STATEMENT
Current Period: AUG-08

Date: 02-OCT-08 08:4
Page:

Currency: USD
OPERATION=176 (TREASURE ISL JCC 04), DEPARTMENT=226 (CDSS REMOTE PROGRAM)

ACCT	SEP-07	OCT-07	NOV-07	DEC-07	AUG-07	JUN-08	FEB-08	MAR-08	APR-08	MAY-08	JUN-08	JUL-08	AUG-08	YTD AUG-
REVENUE														
41800 MILITARY REVENUE						0	(2,798)	(5,410)	(4,244)	(14,673)	(1,778)	(6,321)	(3,170)	(39,3
41800 OTHER REV ANCIL						0	(2,798)	(6,410)	(4,244)	(14,673)	(1,778)	(6,321)	(3,170)	(39,3
TOTAL						0	(2,798)	(6,410)	(4,244)	(14,673)	(1,778)	(6,321)	(3,170)	(39,3
Total Revenue						0	(2,798)	(6,410)	(4,244)	(14,673)	(1,778)	(6,321)	(3,170)	(39,3
EXPENSES														
Utilities						56	0	0	0	0	0	612	450	1,1
61510 ELECTRICITY UTI						1	47	0	0	0	0	39	14	1
61530 WATER & SEWER U						0	0	0	0	0	0	42	15	0
61560 SEWAGE UTILITIE						0	0	0	0	0	0	655	0	6
61590 OTHER UTILITIES						56	47	0	0	0	0	655	480	1,9
TOTAL						112	94	0	0	0	0	1,364	509	3,8
Communications						0	0	0	0	0	34	0	0	0
62110 TELEPHONE COMM						0	0	0	0	0	34	0	0	0
TOTAL						0	0	0	0	0	34	0	0	0
Rent/Lease						0	0	0	0	0	0	0	0	0
62510 LAND & BUILDING						0	0	0	0	0	0	2,800	700	3,5
TOTAL						0	0	0	0	0	0	2,800	700	3,5
Public Relations						1,296	0	0	0	0	0	0	0	1,2
62840 DONATIONS PUBLI						1,296	0	0	0	0	0	0	0	1,2
TOTAL						1,296	0	0	0	0	0	0	0	1,2
Supplies						0	5,845	(5,845)	2,040	0	0	0	0	2,0
63140 SMALL EQUIPMENT						0	0	0	0	0	0	0	0	0
63150 EQUIPMENT						0	0	0	0	0	0	29	0	29
63180 BUILDING MAINT						0	0	0	0	0	0	0	1	1
63190 OTHER SUPPLIES						0	4,210	(772)	0	0	0	0	0	3,4
TOTAL						0	10,055	(6,617)	2,040	0	0	29	167	5,6
Dietary Supplies						0	0	0	0	0	277	0	0	2
63530 DIETARY GROCERY						0	0	0	0	0	277	0	0	2
63580 DIETARY NON-FOO						0	250	0	0	0	0	0	0	2
TOTAL						0	250	0	0	0	277	0	0	5
Training Supplies						1,099	2,203	1,272	(844)	210	1,637	3,225	3,103	11,9
63843 ADVANCED COOKIN						1,099	2,203	1,272	(844)	210	1,637	3,225	3,103	11,9
TOTAL						1,099	2,203	1,272	(844)	210	1,637	3,225	3,103	11,9
Professional Services						0	0	0	0	3,616	0	3,616	3,378	10,6
65160 MANAGEMENT FEES						0	0	0	0	3,616	0	3,616	3,378	10,6
TOTAL						0	0	0	0	3,616	0	3,616	3,378	10,6
Other						356	269	90	(180)	0	(90)	0	0	1,7
65520 DUES & SUBSCRIP						0	0	1,484	180	0	90	0	0	1,7
65535 MEETINGS SERV O						0	0	25	52	145	0	131	17	3,4
65550 LAUNDRY SERV OT						0	0	5,432	15,449	6,325	6,016	464	894	34,5
65560 OFFICE SERV OTH						0	2,255	2,892	197	415	0	2,872	0	1,1
65590 SERV OTHER MISC						356	2,524	9,913	15,917	6,470	9,888	594	1,101	45,7
TOTAL						356	2,524	9,913	15,917	6,470	9,888	594	1,101	45,7
Miscellaneous						0	5,693	584	0	0	0	0	0	6,2
67190 OTHER MISC EXP						0	5,693	584	0	0	0	0	0	6,2
TOTAL						0	5,693	584	0	0	0	0	0	6,2



RES-CASE
INCOME STATEMENT
Current Period: AUG-08

Currency: USD
OPERATION-176 (TREASURE ISL JCC 04), DEPARTMENT-226 (USS REMOTE PROGRAM)
ACCT SEP-07 OCT-07 NOV-07 DEC-07 ADJ-07

	JAN-08	FEB-08	MAR-08	APR-08	MAY-08	JUN-08	JUL-08	AUG-08	YTD	AUG-
Total Expenses	2,808	20,771	5,152	17,112	10,296	11,491	10,357	8,929	87,5	87,5
<NET INCOME>/LOSS	2,808	17,973	(1,258)	12,868	(4,378)	9,713	4,636	5,759	48,1	48,1
Margin %	n/m	(642.36)	19.62	(303.19)	29.83	(546.39)	(73.35)	(181.68)	(122.	(122.



Treasure Island Mini Mart
9th Street and Avenue C
San Francisco, CA 94130
October 31, 2008

Director of Island Operations,
Mirian Saez
Treasure Island Development Authority
410 Avenue of Palms,
Building 1, 2nd Floor
San Francisco, CA 94130

Dear Ms. Saez:

Please accept this letter as my formal proposal to lease the cafe located on Treasure Island, adjacent to the small boat docking parking lot. It is my intention to renovate and bring the building up to building and health codes in order to provide the following to the island residents and the public:

Cooked to order breakfast and beverages

Lunch service-fresh made sandwiches, salads, seafood, hamburgers, etc

Dinner service-salads, entrees, and subject to obtaining permits (wine, beer, live entertainment)

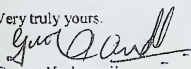
On site and delivered pizza

In addition, I will give hiring priority to students from the Treasure Island Job Corps food service program and island residents.

I have the financial capacity and restaurant management experience to meet your leasing requirements.

Please send a commercial leasing agreement, including the proposed rent, CAM, and term for my review. Thank you for your consideration. I will contact you sometime next week to discuss my proposal in person.

Very truly yours,


George Vazhappally



Gavin Newsom | Mayor
 Rev. Dr. James McCray Jr. | Chairman
 Tom Nolan | Vice-Chairman
 Cameron Beach | Director
 Shirley Breyer Black | Director
 Malcolm Heinicke | Director
 Jerry Lee | Director
 Bruce Oka | Director
 Nathaniel P. Ford, Sr. | Executive Director/CEO

October 24, 2008

Ms. Melanie Brent
 Caltrans District 4 Office of Environmental Analysis
 111 Grand Avenue
 P.O. Box 23660
 Oakland, CA 94623

Subject: Yerba Buena Island Ramps Improvement Project on Interstate 80 (I-80),
 San Francisco County, California

Dear Ms. Brent:

This is in response to your invitation, dated September 18, 2008 to become a Participating Agency on the Yerba Buena Island Ramps Improvement Project on Interstate 80 (I-80), San Francisco County, California.

The San Francisco Municipal Transportation Agency would like to participate in this greatly needed project. Please keep us apprised of the impending coordination meetings for this project by contacting Cynthia Hui of my staff at 415.701.4577 or via email at Cynthia.Hui@sfmta.com.

Sincerely,

Nathaniel P. Ford, Sr.
 Executive Director/CEO

Cc: Steve Kawa, Mayor's Chief of Staff
 Marian Saez, Director of Treasure Island Operations



Garvin Newsom | Mayor
Rev. Dr. James McGray Jr. | Chairman
Tom Nolan | Vice-Chairman
Cameron Beach | Director
Shirley Breyer Black | Director
Malcolm Harbuck | Director
Jany Lee | Director
Bruce Oka | Director
Nathaniel P. Ford, Sr. | Executive Director/CEO



October 29, 2008

Ms. Mirian Saez
Executive Director
Treasure Island Development Authority
410 Avenue of Palms
Treasure Island
San Francisco, CA 94130

Re: Transit Shelter Advertising Agreement—Treasure Island

Dear Ms. Saez:

As you are aware, our staffs have been in discussion about bringing new transit shelters to Treasure Island since the beginning of this calendar year. Recently, we have been exchanging comments on a draft term sheet and I am writing to clarify the terms of the Transit Shelter Advertising Agreement (Agreement) so that we can conclude this matter to our mutual satisfaction.

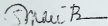
The Agreement, as written, specifies that the reference to transit shelters are those transit shelters and kiosks located only on the mainland portion of San Francisco. During contract negotiations, the San Francisco Municipal Transportation Agency (SFMTA) kept open the possibility of extending the Agreement to new areas such as Treasure Island, but we did not include specific terms, which were then unknown, i.e., the Agreement was negotiated in July-August 2007. We knew that we would need a separate agreement for such areas as Treasure Island in the future and, therefore, added relevant language in Section 2.1.1 of the Agreement. Section 2.1.1 allows for the extension of Clear Channel's existing right to display advertising on, and responsibility to maintain, the transit shelters. The SFMTA and Clear Channel can add a transit shelter(s) that is under the jurisdiction of a public entity other than the SFMTA "...that is serviced by a public transit line under an arrangement between the SFMTA and another public entity." Clear Channel, however, is not required by the Agreement to accept that arrangement. Therefore, in order to extend transit shelter services to Treasure Island using Clear Channel as the contractor, TIDA and the SFMTA must first reach an arrangement and then Clear Channel must accept it.



The Agreement requires Clear Channel to maintain the transit shelters to certain specified standards. Clear Channel has advised us that, in order to fulfill its contractual obligations and to undertake and maintain transit shelters on Treasure Island, it will need to add staff and equipment. The principal reason is Treasure Island's location. Clear Channel has provided an estimated annual cost of \$45,660 for maintenance, plus \$80 per glass panel. Without these additional resources, Clear Channel would either be unable to add Treasure Island or would have to shift resources from the existing transit shelters, resulting in violations of the terms of the Agreement. Neither Clear Channel nor the SFMTA can accept the latter situation. In fact, such an approach would result in repeated contract violations by Clear Channel, leading to significant liquidated damages under the Agreement. Therefore, in order to extend Clear Channel's maintenance obligations to Treasure Island, it will be necessary for Treasure Island to cover these additional staff and equipment costs.

Please do not hesitate to call me at 701-4617 to discuss this letter and our next steps.

Sincerely,



Sonali Bose
CFO/Director of Finance and Information Technology

cc: Nathaniel P. Ford, Sr.
Debra A. Johnson
Gail Stein

Events

Every Tuesday: 7 p.m. – 8 p.m. AA & NA Meetings in the ShipShape Building. Both AA and NA meetings are held simultaneously from 7pm - 8pm (Sometimes 8:30). They are open to any and all recovering persons.

Every Thursday— 10:30 am—4:00 pm San Francisco Public Library Bookmobile—ShipShape Building (Starts November 20th)

November 1: 2 pm Free Concert: Mill Valley Philharmonics present : The Works Progress Administration: Orchestral Music and Art of the 1930s. Sponsored by TIDA. In Building on

November 4: 6 pm TICAB Meeting. San Francisco City Hall. Call (415) 554-6661 for more information

November 11 6:30 pm — 7:30/8 pm. Island (Crime) Watch Catholic Charities Bungalow—810 Ave. D.

November 12: 6 pm TIDA Board Meeting. Treasure Island Building 265, the “Library” Call (415) 274-0660 for more information

November 18 6:30—8:00 pm Public Informational Meeting for Resident Election to the Treasure Island/Yerba Buena Island Citizens Advisory Board In the Shipshape Building.—Call Marianne Thompson (TIDA) 415-274-0662 or Michael Tymoff, Mayor's Office (415) 554-7038 for info

November 25: 6 pm—8:00 PM YMCA Thanksgiving Potluck. Treasure Island YMCA Call Ken Sedgwick (415) 765-9037 for more information

Island Watch Meeting

When: 2nd Tuesday of each month

Time: 6:30—7:30/8 pm

Where: Catholic Charities Bungalow -
810 Avenue D

*The address to the CCCYO - TISH
Community Room is 810 Avenue D. Lo-
cated on 9th between Avenues D and E.
Across the parking lot from KIDANGO
and across the street from the Fire Dept*

*Check www.TreasureIslandOnline.net
to confirm meeting.*

YMCA

Thanksgiving Pot Luck Dinner*

Tuesday, November 25, 2008
(The Tuesday before Thanksgiving)
From 6:00 pm until 8:00 pm.

Families must come in to the Treasure Island YMCA office to register for this event. Each family will be required to bring a side dish (the side dish should serve between 6 to 8 people...or more) to the event. When a family is registered they will receive tickets (one ticket for each family member attending). These tickets will confirm your registration and will also be your raffle ticket for door prizes. Registration begins Nov. 3, 2008.

* Please Note: If we have less than five (5) families registered for this event by 5:00 pm Nov. 20, 2008 it will be canceled.

If you have any questions please feel free to contact us. 415-765-9037 - Office. ksedgwick@ymcasf.org - Email

Emergency:
911 for Cell Phones: **Dial 911**
Non-Emergency Police Call **415-553-0123**

Leasing Office (415) 834-0211

- Maintenance (415) 834-0211
- Emergency After Hours (415) 445-2184

Comcast (800) 266-2278

Good Neighbors (Community Group) (415) 520-6653

Muni/511.Org Dial 511

Neighborhood Watch (415) 738-8773

NEW: Treasure Island Community Garden TICGA2008@gmail.com

Treasure Island Development Authority (415) 274-0660

SBC/AT&T (800) 310-2355

SF Unified School District (415) 242-2600

San Francisco Supervisor Chris Daly (415) 554-7970

Treasure Island Creative Network (415) 274-0511 ext. 301

Treasure Island Development Authority (415) 274-0660

Treasure Island Homeless Dev. Initiative (415) 274-0311

Island Related Websites

www.sfgov.org/TreasureIsland (TI Development Authority)
www.TIHDL.org (TI Homeless Dev. Initiative)
www.TreasureIslandOnline.net (Community Resources/News)

Recreation

TI Sailing Center www.tisailing.org (415) 421-2225
Golden Gate Rugby www.sfgate.com (415) 335-3079
SF Stars Netball www.starsnetball.com (415) 259-8489
YMCA Gym (415) 765-9037
Marina www.treasure-isle.com (415) 981-2416
Yacht Club www.tiyc.org/ (415) 434-4475
SF Little League www.sfl.org (415) 263-0510

Kidango www.kidango.org (415) 834-0602
SF Boys & Girls Club www.bgcsf.org (415) 362-9037

Stores

NEW **Treasure Island Market and Deli**—7 am—10 pm daily at the front gate

Treasure Island Mini-Market 7 a.m. to 8 p.m., Saturday & Sunday 10 a.m. to 7 p.m.

Treasure Island Photo Booth Treasure Island front gate. Hours are variable.

Restaurant

Cook's Cafe Treasure Island Marina parking lot, outside the Treasure Island front gate. Hours of operation: Tuesday through Friday: 7 a.m. to 3 p.m. AND 5 p.m. to 8:30 p.m., Saturdays from 7 a.m. to 2 p.m. AND 5 p.m. to 9 p.m. Open Sundays for Brunch. From 10 a.m. to 3 p.m. *Take-out Available. Call 415-705-1860.*

Job Corps Advanced Culinary Academy Fine Dining Restaurant Job Corps - Building 368, 9th Street and Avenue C
 Hours of operation: Tuesday through Thursday: 12 noon to 1 p.m. *Reservations required. Please call (415) 277-2301*

Delivery to the Islands

SAFEWAY DELIVERY www.safeway.com
Planet Organics (800) 956-5855 www.planetorganics.com
Chinese Food Mae Lee (415) 242-1006
Gino's Pizza (415) 922-0202
Pizza Lover (415) 437-9400
Town Pizza (415) 551-2524

Prior to that, the association voted to keep Mark Connors as the spokesperson for the organization during the interim.

MEMBERSHIP

Individual Membership

Membership in Good Neighbors is open to all persons over the age of 18 residing in/or owning property or a business within the boundaries of the Islands; ant to individuals who work, live, or perform a service on the Island.

MEETINGS

General membership meetings occur on the 2nd Saturday of March, June, September, and October.

Island Watch meetings currently meet the 2nd Tuesday of each month, at 6:30, in the Catholic Charities Bungalow.

AN INVITATION TO JOIN

If, after reading the information in this brochure, Good Neighbors sounds like an organization you could support, please join.

To join, go to www.TreasureIslandOnline.net. On the Good Neighbors page there is a link to an online membership form. A copy of the by-laws is also available on the same page.

If you do not have computer access, please leave your name and phone number at the Good Neighbors phone line, 415- 520-6653/



GOOD NEIGHBORS

of TT/YBI

A pioneer organization of
Treasure Island/YBI
Residents, neighborhoods and
agencies

Good Neighbors

good_neighbors@comcast.net

415-520-6653

Visit

www.TreasureIslandOnline.net

Treasure Island / Yerba Buena Island Citizens Advisory Board

Naval Station Treasure Island Resident Election Informational Meeting



- What:** Public Informational Meeting for Resident Election to the Treasure Island / Yerba Buena Island Citizens Advisory Board
- When:** Tuesday, November 18, 2008 6:30 – 8:00 PM
- Where:** Ship Shape Community Building,
497 Avenue I, San Francisco, CA 94130
- Contact:** Marianne Thompson, TIDA (415) 274 -0662
Michael Tymoff, Mayor's Office (415) 554-7038

Background

In 1999, the Treasure Island Development Authority Citizens Advisory Board (CAB) was established by the San Francisco Board of Supervisors to provide advice and recommendations to the Authority's Board of Directors on matters concerning the redevelopment of the Naval Station Treasure Island. The Citizens Advisory Board consists of 25 members, 14 of whom are appointed by the Mayor and 11 of whom are appointed by the Board of Supervisors. For the past eight years, the CAB has held regular public meetings that usually occur the first Tuesday of every month from 6:00-8:00 PM at San Francisco's City Hall. Meetings are occasionally held on Treasure Island.

The CAB recently amended its Bylaws to provide for the election of four (4) resident members, including two (2) seats for low and moderate income individuals. An election will be held in December 2008 at the Ship Shape building to select existing residents to serve on the CAB. Only existing residents of Treasure Island and Yerba Buena Island are eligible to run and vote. Interested candidates and voters will be able to file for eligibility at the public meeting on November 18, 2008. Information on the redevelopment plan, election procedures and eligibility requirements will be provided at the meeting.

Please contact Marianne Thompson or Michael Tymoff with any questions between now and November 18, 2008.

olympic distance triathlon 1.5 mile swim 120 mile bike 25 mile run
 sprint distance triathlon 0.5 mile swim 60 mile bike 12.5 mile run
 olympic distance triathlon 1.5 mile swim 120 mile bike 25 mile run
 sprint distance triathlon 0.5 mile swim 60 mile bike 12.5 mile run

SF

Nov. 8
Olympic Triathlon

Nov. 9
Sprint Triathlon



SAN FRANCISCO TRIATHLON
 at treasure island

PRESENTS



San Francisco ITU Triathlon
 Pan American Cup



elite series
 championship



THE HAUL TO THE GREAT WALL 

TRI

**EXPERIENCE THE
 MULTISPORT
 LIFESTYLE!**



Aqua Sphere
 Active Swim Equipment

AVA

PowerBar

KUOTA

POLAR

PowerBar
 BEVERAGE

ZXU

PowerBar
 GEL

Sports
 Equipment

WETSUITRENTAL.COM
 Performance Gear

GOLDEN GATE
 TRIATHLON CLUB

competitor

Triathlete
 MAGAZINE

CHIF
 FOUNDATION

TEAM
 TRIATHLON

ReSport
 Good For responsible Sport

Tri-Cal TV
 www.tricalifornia.com

USAT
 USA TRIATHLON
 SANCTUARY PRIDE

TRI
 CALIFORNIA

Applications Available Now! www.tricalifornia.com

EXPERIENCE THE MULTISPORT LIFESTYLE!

Whether you are just joining this growing Olympic sport or are a seasoned participant, the San Francisco Triathlon at Treasure Island is the place to be this November 7th – 9th. Join Tri-California Events, and end your season with a memorable triathlon experience in the heart of the San Francisco Bay.

As a sprint or Olympic distance participant, you will have the opportunity to race on the same course as some members from the 2008 U.S. Olympic Triathlon Team! Be on the look for these athletes upon their return from the Beijing Games as they take to the course for the final race in the Hail to the Great Wall Series. You won't want to miss the excitement.

Experience the Multisport Lifestyle . . . Take part, build community, train together, and finish together at The San Francisco Triathlon at Treasure Island this November.

SCHEDULE OF EVENTS

Friday, November 7, 2008

12:00pm – 7:00pm	Packet Pick-up at Registration	Registration
12:00pm – 7:00pm	Exposition Open	Exposition
1:00pm – 1:30pm	Triathlete Orientation – Olympic Course	Main Stage
4:00pm – 4:30pm	Triathlete Orientation – Olympic Course	Main Stage

Saturday, November 8, 2008

5:30am – 2:30pm	Transition Area Opens	Transitions
6:00am – 4:00pm	Packet Pick-up at Registration	Registration
7:00am – 4:00pm	Exposition Opens	Exposition
7:00am – 7:15am	Opening Ceremonies	Swim Start
7:15am	OLYMPIC COURSE START	Swim Start
11:45am – 12:00pm	Elite Opening Ceremonies	Swim Start
12:00pm	ELITE/Under 23 START	Swim Start
3:00pm – 4:00pm	Awards Ceremony	Main Stage
		Main Stage

Sunday, November 9, 2008

5:30am – 12:00pm	Transition Area Opens	Transitions
7:00am – 12:00pm	Exposition Open	Exposition
7:00am – 7:15am	Opening Ceremonies	Swim Start
7:15am	SPRINT COURSE START	Swim Start
11:00am – 12:00pm	Awards Ceremony	Main Stage

TRAIN RIGHT

Part 1:
October 8th | Sunnyvale Location from 6:30 PM – 7:30 PM.
October 9th | Bryant Street Location from 6:30 PM – 7:30 PM

Part 2:
October 23rd | Bryant Street Location from 6:30 PM – 7:30 PM
October 29th | Sunnyvale Location from 6:30 PM – 7:30 PM

For more information: http://www.tricalifornia.com/index.cfm/SF2008-Open_House.htm

HEAR OUR COACHES

Open House Times and Locations:
Saturday, October 4th from 9 AM to 12 Noon
at the Bryant Street Location

Sunday, October 5th from 11 AM to 2 PM
at the Sunnyvale Location



November 2008

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		AA/NA Meeting!				1 Mill Valley Philharmonics 2:00
2	3	4	5	6	7	8
		AA/NA Meeting!				
9	10	11 Island Watch	12 TTDA Meeting @ 6:00 on TI	13	14	15
16	17	18 TTCAB Resi- dent Election Info. Meeting	19	20 Bookmobile	21	22
		AA/NA Meeting!				
23	24	25 YMCA Thanksgiv- ing Dinner	26	27 Bookmobile	28	29
		AA/NA Meeting!				

You can get reminders for most events by joining www.treasuristslandonline.net, and using the online calendar.

30

Deadline for Dec. calendar: 11/15

YOU ARE INVITED TO A SPECIAL VIEWING OF
THE TREASURE ISLAND MUSEUM ASSOCIATION'S NEW EXHIBIT

PORTAL TO THE PACIFIC IN WAR AND PEACE

TREASURE ISLAND: 70 YEARS OF HISTORY

PRESENTED BY THE TREASURE ISLAND DEVELOPMENT AUTHORITY

THURSDAY, NOVEMBER 15, 2008
6 - 9 P.M.

GUEST OF HONOR:
ZOE DELL LANTIS NUTTER
THE "MIL" GIRL OF THE 1930s - 1940s
GOLDEN GATE INTERNATIONAL EXPOSITION

THE BUILDING ONE LOBBY GALLERY
TREASURE ISLAND ADMINISTRATION BUILDING
410 AVENUE OF THE PALMS, BUILDING ONE
TREASURE ISLAND

LIGHT REFRESHMENTS

TREASURE ISLAND WAS BUILT IN 1937, AND SOON BECAME THE PORTAL THROUGH WHICH AMERICA STRODE INTO THE PACIFIC. THIS RICH HISTORY IS EXAMINED IN A SERIES OF HANGING PANELS FEATURING MANY PREVIOUSLY UNPUBLISHED COLOR PHOTOGRAPHS.

IT IS THE FIRST EXHIBIT IN ELEVEN YEARS BY THE TREASURE ISLAND MUSEUM ASSOCIATION, WHICH IS NOW PLANNING THE REESTABLISHMENT OF THE MUSEUM.

EXHIBIT ON DISPLAY THROUGH JANUARY, 2009



TIDA acknowledges:
Wine Valley Catering, U.S. Navy Caretaker Site Office
San Francisco Department of Public Works

TIMA acknowledges:
Zoe Dell Lantis Nutter
Paul Totah and Patricia Carpenter - Richard Miller
Pacific Aerial Surveys/HAW Geospatial, Inc.
S.F. Public Library Historic Photo Collection



Mayor Gavin Newsom
Claudine Cheng, President, Treasure Island
Development Authority
Mirian Saez, Director of Island Operations

This calendar was produced with the assistance of Good Neighbors of Treasure Island/Yerba Buena Island, a community group



AGENDA ITEM 8B
Treasure Island Development Authority
City and County of San Francisco
Meeting of November 12, 2008

Subject: Resolution Retroactively Approving and Authorizing the Execution of a Sublease with the Delancey Street Foundation for Building 229 – 651 H Street for approximately 20,723 square feet of office and classroom space (*Action Item*)

Contact Mirian Saez, Director of Island Operations
Phone (415) 274-0660

BACKGROUND

The Delancey Street Foundation has operated a charter school, the Life Learning Academy ("LLA"), on Treasure Island since 1998. The charter school is located at Building 229 at 651 H Street on Treasure Island (the "Premises").

LLA is a diploma-granting San Francisco Unified School District Charter School designed to serve 60 at-risk high-school aged youths. In addition to general academic subjects, like math, science and language arts, the school provides culinary training and the opportunity to learn organic gardening.

LLA's current Sublease expired November 30, 2007, and LLA has been occupying the Premises on a holdover basis with the Authority's permission since such date. Under the proposed Sublease, LLA is requesting a month-to-month term commencing retroactively on December 1, 2007, and expiring November 30, 2009.

SUBLEASE TERMS AND CONDITIONS

The Delancey Street Foundation will sign the Authority's standard form Sublease document. The salient terms and conditions of the proposed Sublease include the following:

Premises	Approximately twenty thousand seven hundred and twenty three (20,723) square feet of classroom and office space located in Building 229 at 651 H Street, Treasure Island, San Francisco, CA, as more particularly shown on <u>Exhibit B</u> , attached hereto including the improvements thereon.
Location:	651 – H Street, Treasure Island, CA.
Commencement Date:	December 1, 2007
Lease Expiration Date:	November 30, 2009

Lease Term:	Month-to-Month.
Base Rent:	Base Rent and CAM charges are waived per previous arrangement in consideration of the public and community benefits provided to the Treasure Island community and the City by LLA as a public school chartered by the San Francisco Unified School District.
Use:	Classroom and Office Space
Security Deposit:	Waived
Addendum:	Inventory of LLA personal property on the Premises

RECOMMENDATION

The Authority Staff recommends that the Authority Board of Directors retroactively approve the proposed Sublease with the Delancey Street Foundation, a California non-profit corporation, and authorize the Director of Island Operations or her designee to execute said Sublease for the rental of Building 229, consisting of approximately 20,723 square feet at 651 H Street on Treasure Island for a month-to-month term commencing retroactively on December 1, 2007 and expiring on November 30, 2009, and subject to the additional terms and conditions set forth above.

EXHIBIT A – Sublease between the Treasure Island Development Authority and the Delancey Street Foundation

Prepared by Marc McDonald, Facilities Manager
for Mirian Saez, Director of Island Operations

[Sublease with Delancey Street Life Learning Academy.]

Resolution Retroactively Approving and Authorizing the Execution of a Sublease with the Delancey Street Foundation for Building 229, Treasure Island.

WHEREAS, Former Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United States of America, acting by and through the Department of the Navy (the "Navy"); and,

WHEREAS, The Base was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, The Delancey Street Foundation, a California nonprofit corporation, operates a charter school, the Life Learning Academy (hereafter referred to as "LLA"), on Treasure Island and has requested a new month-to-month sublease for Building 229 at 651 – H Street, consisting of approximately 20,723 square feet located on Treasure Island commencing retroactively on December 1, 2007; and,

WHEREAS, LLA has operated on Treasure Island since 1998 as a diploma granting San Francisco Unified School District Charter School designed to serve 60 at-risk high-school aged youths by providing instruction in general academic subjects, like math, science and

language arts, as well as culinary training, and the opportunity to learn organic gardening; and,

WHEREAS, In consideration of the public and community benefits provided to the Treasure Island community and the City by LLA as a San Francisco Unified School District Charter School, Base Rent and Common Area Maintenance fees have been waived, and such consideration represents fair market value for this Sublease at this time; now, therefore, be it

RESOLVED, That the Board of Directors hereby retroactively approves the Sublease to the Delancey Street Foundation for Building 229, consisting of approximately 20,723 square feet of office and classroom space and authorizes the Director of Island Operations or her designee to execute said Sublease in substantially the form attached hereto as Exhibit A; and be it

FURTHER RESOLVED, That the Board of Directors hereby finds that (i) entering into the Sublease will serve the goals of the Authority and the public interests of the City, and (ii) the terms and conditions of the Sublease are economically reasonable; and be it

FURTHER RESOLVED, That the Board of Directors hereby authorizes the Director of Island Operations to enter into any additions, amendments or other modifications to the Sublease that the Director of Island Operations determines in consultation with the City Attorney are in the best interests of the Authority, that do not materially increase the obligations or liabilities of the Authority, that do not materially reduce the rights of the Authority, and are necessary or advisable to complete the preparation and approval of the Sublease, such determination to be conclusively evidenced by the execution and delivery by the Director of Island Operations of the documents and any amendments thereto.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on November 12, 2008.

John Elberling, Secretary



ITEM 8B EXHIBIT A

SUBLEASE

between

TREASURE ISLAND DEVELOPMENT AUTHORITY

as Sublandlord

and

DELANCEY STREET FOUNDATION

as Subtenant

For the Sublease of

Building 229 at 651 "H" Street

**Treasure Island Naval Station
San Francisco, California**

December 1, 2007

TREASURE ISLAND SUBLEASE

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LIST OF EXHIBITS:

EXHIBIT A – Master Lease
EXHIBIT B – Diagram of Premises
EXHIBIT C – Cover Page of Seismic Report
EXHIBIT D – Rules and Regulations
EXHIBIT E – Utilities
EXHIBIT F – TIHDI Work Force Hiring Plan

Addendum to Sublease

TREASURE ISLAND SUBLEASE

THIS SUBLEASE (the "Sublease"), dated for reference purposes only as of December 1, 2007, is by and between the TREASURE ISLAND DEVELOPMENT AUTHORITY, a California public benefit corporation ("Sublandlord"), and DELANCEY STREET FOUNDATION, a California non-profit corporation ("Subtenant"). From time to time, Sublandlord and Subtenant together shall be referred to herein as the "Parties".

This Sublease is made with reference to the following facts and circumstances:

A. The United States of America, acting by and through the Department of Navy ("Master Landlord") and Sublandlord entered into a lease dated November 18, 2004, as amended from time to time (the "Master Lease"), a copy of which is attached hereto as Exhibit A. Under the Master Lease, the Master Landlord leased to Sublandlord certain real property located on Treasure Island Naval Station (the "Property"), as more particularly described in the Master Lease.

B. Subtenant desires to sublet from Sublandlord, and Sublandlord is willing to sublet to Subtenant, a portion of the Property on the terms and conditions contained in this Sublease.

NOW THEREFORE, Sublandlord and Subtenant hereby agree as follows:

1. BASIC SUBLEASE INFORMATION

The following is a summary of basic sublease information (the "Basic Sublease Information"). Each item below shall be deemed to incorporate all of the terms of this Sublease pertaining to such item. In the event of any conflict between the information in this Section and any more specific provision of this Sublease, the more specific provision shall control.

Sublease Reference Date:	December 1, 2007
Sublandlord:	TREASURE ISLAND DEVELOPMENT AUTHORITY, a California public benefit corporation
Subtenant:	DELANCEY STREET FOUNDATION, a California non-profit corporation

Subleased Premises (Section 2.1):	Approximately Twenty Thousand Seven Hundred and Twenty Three (20,723) square feet of classroom space located at Building 229 - 651 H Street, Treasure Island, San Francisco, CA., as more particularly shown on <u>Exhibit B</u> , attached hereto including the improvements thereon.
Facility (Section 5.3):	Building 229 – 651 H Street, Treasure Island
Term: (Section 4.1):	Commencement date: December 1, 2007 Expiration date: November 30, 2009 Notwithstanding anything in this Sublease to the contrary, either Sublandlord or Subtenant, in its sole discretion, may terminate this Sublease for any reason upon delivery of not less than thirty (30) days' prior written notice to the other party.
Base Rent (Section 5.1):	Base Rent is waived in consideration of the public and community benefits that Subtenant provides to the Treasure Island community and the City.
Rent Adjustment Date(s) (Section 5.2):	Not Applicable
Rent Increase Percentage (Section 5.2):	Not Applicable
Subtenant's Proportionate Share (Section 5.3):	Waived
Use (Section 7.1):	General office and classroom use only and for no other purpose.
Repair Amount (Section 13.1):	Ten Thousand Dollars (\$10,000)
Security Deposit (Section 19.3):	Waived

Notice Address of Sublandlord (Section 21.1): Treasure Island Development Authority
Treasure Island Project Office
410 Avenue of Palms
Building 1, 2nd Floor
Treasure Island
San Francisco, CA 94130
Attn: Mirian Saez
Director of Island Operations
Fax No.: 415-274-0299

with a copy to:

Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Attn: Eileen M. Malley
Fax No.: (415) 554-4755

Notice Address of Subtenant (Section 21.1): Delancey Street Foundation – Life Learning
Academy
600 The Embarcadero
San Francisco, CA. 94107
Attn: Mimi H. Silbert
Fax No.: (415) 512-5186

Notice Address of Master Landlord (Section 21.1): Department of The Navy
Base Realignment and Closure
Program Management Office West
1455 Frazee Road, Suite 900
San Diego, CA 92108-4310
Fax #: (619) 532-9858

2. PREMISES

2.1. Subleased Premises. Subject to the terms, covenants and conditions of this Sublease, Sublandlord subleases to Subtenant the Premises. Subtenant shall have the non-exclusive right to use, together with other subtenants in the Facility, the lobbies, corridors, elevators, stairways and other public areas of the Facility and the Property (collectively, the "Common Areas"), and the non-exclusive right of access to and from the Premises by the main entrances to the Facility and the Property.

In the event Subtenant uses or occupies space outside the Premises without the prior written consent of Sublandlord (the "Encroachment Area"), then upon written notice from Sublandlord ("Notice to Vacate"), Subtenant shall immediately vacate such Encroachment Area and pay as additional rent for each day Subtenant used, occupied, uses or occupies such Encroachment Area, an amount equal to the rentable square footage of the Encroachment Area, multiplied by the higher of the (a) highest rental rate then approved by Sublandlord's Board of Directors for the Premises or the Facility, or (b) then current fair market rent for such Encroachment Area, as reasonably determined by Sublandlord (the "Encroachment Area Charge"). If Subtenant uses or occupies such Encroachment Area for a fractional month, then the Encroachment Area Charge for such period shall be prorated based on a thirty (30) day month. In no event shall acceptance by Sublandlord of the Encroachment Area Charge be deemed a consent by Sublandlord to the use or occupancy of the Encroachment Area by Subtenant or a waiver (or be deemed as waiver) by Sublandlord of any and all other rights and remedies of Sublandlord under this Sublease (including Subtenant's obligation to indemnify, defend and hold Sublandlord harmless as set forth in the last paragraph of this Section 2.1), at law or in equity.

In addition to the foregoing amount, Subtenant shall pay to Sublandlord, as additional rent, an amount equaling Two Hundred Dollars (\$200.00) upon delivery of the initial Notice to Vacate plus the actual cost associated with a survey of the Encroachment Area. In the event Sublandlord determines during subsequent inspection(s) that Subtenant has failed to vacate the Encroachment Area, then Subtenant shall pay to Sublandlord, as additional rent, an amount equaling Three Hundred Dollars (\$300.00) for each additional Notice to Vacate, if applicable, delivered by Sublandlord to Subtenant following each inspection. The parties agree that the charges associated with each inspection of the Encroachment Area, delivery of each Notice to Vacate and survey of the Encroachment Area represent a fair and reasonable estimate of the administrative cost and expense which Sublandlord will incur by reason of Sublandlord's inspection of the Premises, issuance of each Notice to Vacate and survey of the Encroachment Area. Subtenant's failure to comply with the applicable Notice to Vacate and Sublandlord's right to impose the foregoing charges shall be in addition to and not in lieu of any and all other rights and remedies of Sublandlord under this Sublease, at law or in equity. The amounts set forth in this Section 2.1 shall be due within three (3) business days following the applicable Notice to Vacate and/or separate invoice relating to the actual cost associated with a survey of the Encroachment Area.

In addition to the rights and remedies of Sublandlord as set forth in the immediately

foregoing two paragraphs of this Section 2.1, the terms and conditions of the indemnity and exculpation provision set forth in Section 16 below shall also apply to Subtenant's use and occupancy of the Encroachment Area as if the Premises originally included the Encroachment Area, and Subtenant shall additionally indemnify, defend and hold Sublandlord harmless from and against any and all loss or liability resulting from delay by Subtenant in so surrendering the Encroachment Area including, without limitation, any loss or liability resulting from any claims against Sublandlord made by any tenant or prospective tenant founded on or resulting from such delay and losses to Sublandlord due to lost opportunities to lease any portion of the Encroachment Area to any such tenant or prospective tenant, together with, in each case, actual attorneys' fees and costs.

By placing their initials below, each party specifically confirms the accuracy of the statements made in this Section 2.1 and the reasonableness of the amount of the charges described in this Section 2.1.

Initials: _____ Sublandlord _____ Subtenant

2.2. As Is Condition of Premises.

(a) **Inspection of Premises.** Subtenant represents and warrants that Subtenant has conducted a thorough and diligent inspection and investigation, either independently or through its officers, directors, employees, agents, affiliates, subsidiaries, licensees and contractors, and their respective heirs, legal representatives, successors and assigns, and each of them ("Subtenant's Agents"), of the Premises and the suitability of the Premises for Subtenant's intended use. Subtenant is fully aware of the needs of its operations and has determined, based solely on its own investigation, that the Premises are suitable for its operations and intended uses. As part of its inspection of the Premises, Subtenant acknowledges its receipt and review of the Seismic Report referenced in Section 2.2(c) below and the Joint Inspection Report referenced in Section 6 of the Master Lease.

(b) **As Is; Disclaimer of Representations.** Subtenant acknowledges and agrees that the Premises are being subleased and accepted in their "AS IS, WITH ALL FAULTS" condition, without representation or warranty of any kind, and subject to all applicable laws, statutes, ordinances, resolutions, regulations, proclamations, orders or decrees of any municipal, county, state or federal government or other governmental or regulatory authority with jurisdiction over the Premises, or any portion thereof, whether currently in effect or adopted in the future and whether or not in the contemplation of the Parties, including without limitation the orders and citations of any regulatory authority with jurisdiction over life and safety issues concerning the Premises governing the use, occupancy, management, operation and possession of the Premises ("Laws"). Without limiting the foregoing, this Sublease is made subject to any and all covenants, conditions, restrictions, easements and other title matters affecting the Premises, or any portion thereof, whether or not of record. Subtenant acknowledges and agrees that neither Sublandlord, the City and County of San Francisco ("City"), nor any of their respective officers, directors,

employees, agents, affiliates, subsidiaries, licensees or contractors, or their respective heirs, legal representatives, successors and assigns ("Sublandlord's Agents") have made, and Sublandlord hereby disclaims, any representations or warranties, express or implied, concerning (i) title or survey matters affecting the Premises, (ii) the physical, geological, seismological or environmental condition of the Premises, including, without limitation, the matters described in the Seismic Report (as defined below), (iii) the quality, nature or adequacy of any utilities serving the Premises, (iv) the feasibility, cost or legality of constructing any Alterations on the Premises if required for Subtenant's use and permitted under this Sublease, (v) the safety of the Premises, whether for the use by Subtenant or any other person, including Subtenant's Agents or Subtenant's clients, customers, vendors, invitees, guests, members, licensees, assignees or subtenants ("Subtenant's Invitees"), or (vi) any other matter whatsoever relating to the Premises or their use, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose.

(c) **Seismic Report.** Without limiting Section 2.2(b) above, Subtenant expressly acknowledges for itself and Subtenant's Agents that it received and read that certain report dated August 1995, entitled "*Treasure Island Reuse Plan: Physical Characteristics, Building and Infrastructure Conditions*," prepared for the Office of Military Base Conversion, Department of City Planning, and the Redevelopment Agency of the City and County of San Francisco (the "Seismic Report"), a copy of the cover page of which is attached hereto as Exhibit C. Subtenant has had an adequate opportunity to review the Seismic Report with expert consultants of its own choosing. The Seismic Report, among other matters, describes the conditions of the soils of the Property and points out that in the area of the Property where the Premises are located, an earthquake of magnitude 7 or greater is likely to cause the ground under and around the Premises to spread laterally to a distance of ten (10) or more feet and/or result in other risks. In that event, there is a significant risk that any structures or improvements located on or about the Premises, may fail structurally and collapse.

3. COMPLIANCE WITH MASTER LEASE

3.1. **Incorporation by Reference.** All of the terms and conditions of the Master Lease are hereby incorporated by reference into this Sublease as if fully set forth herein.

3.2. **Performance of Master Landlord's Obligations.** Sublandlord does not assume the obligations of Master Landlord under the Master Lease. With respect to work, services, repairs, restoration, the provision of utilities or HVAC services, or the performance of any other obligations required of Master Landlord under the Master Lease, Sublandlord's sole obligation with respect thereto shall be to request the same, on request in writing by Subtenant, and to use reasonable efforts to obtain the same from Master Landlord. Subtenant shall cooperate with Sublandlord as may be required to obtain from Master Landlord any such work, services, repairs, repainting, restoration, the provision of utilities or HVAC services, or the performance of any of Master Landlord's obligations under the Master Lease.

3.3. **Conflict.** If any of the provisions of this Sublease conflict with any portion of the Master Lease as incorporated herein, then the terms of the Master Lease shall govern.

3.4. **Compliance with Master Lease.** Subtenant shall not do or permit to be done anything which would constitute a violation or a breach of any of the terms, conditions or provisions of the Master Lease or which would cause the Master Lease to be terminated or forfeited by virtue of any rights of termination reserved by or vested in the Master Landlord.

4. TERM

4.1. **Term of Sublease.** The term of this Sublease (the "Term") shall commence on the Commencement Date set forth in the Basic Sublease Information, and expire on the Expiration Date set forth in the Basic Sublease Information, unless sooner terminated pursuant to the terms of this Sublease.

4.2. **Effective Date.** This Sublease shall become effective on the date (the "Effective Date") upon the later of (i) the Parties' execution and delivery of this Sublease, (ii) Sublandlord's Board of Director's approval of this Sublease at a duly noticed meeting, if such approval is required, or (iii) the Commencement Date.

4.3. **Automatic Termination.** If the Master Lease terminates for any reason whatsoever, this Sublease shall automatically terminate and the Parties shall thereafter be relieved from all liabilities and obligations under this Sublease, except for liabilities and obligations which expressly survive termination of this Sublease. Subtenant acknowledges and agrees that it has reviewed the Master Lease, is aware of the circumstances upon which the Master Lease may be terminated and hereby assumes all risks associated with the automatic termination of this Sublease because of the termination of the Master Lease.

4.4. **Termination by Sublandlord.** Subtenant's period of occupancy of the Premises is subject to Sublandlord's right to terminate this Sublease as provided herein at such time as Sublandlord determines, in its sole discretion, that the Premises are needed in connection with a Sublandlord program or project. As used herein, "Sublandlord program or project" shall mean any development or renovation, by public and/or private parties, of the building or land in or on which the Premises are located. In the event of any such development or renovation, Sublandlord shall have the right to terminate this Sublease without liability or expense upon delivery to Subtenant of thirty (30) days prior written notice of such termination. Subtenant agrees and shall be required to surrender possession of the Premises by the end of such thirty (30) day period.

4.5. **No Relocation Assistance; Waiver of Claims.** Subtenant acknowledges that it will not be a displaced person as that term is defined under the California Government Code Section 7260 et seq. ("California Relocation Act") and the Uniform Relocation Assistance and Real

Property Policies Act, 42 U.S. C. 4601 et seq. ("URA"), and that Subtenant will not be entitled to any relocation benefits provided under the California Relocation Act and the URA, including any moving expenses, reimbursement for costs associated with increased rent, loss of goodwill or other costs related to the termination of Subtenant's Lease and Subtenant's relocation from the Premises. Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims against, and covenants not to sue, Sublandlord, its departments, commissions, officers, directors and employees, agents, contractors and successors and assigns and all persons acting by, through or under each of them, under any laws, including, without limitation, any and all claims for relocation benefits or assistance from Sublandlord under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260, et seq., and the Uniform Relocation Assistance and Real Property Acquisition Policies Act, 42 U.S.C. 4601, et seq.).

Initials: _____ Subtenant

5. RENT

5.1. **Base Rent.** Throughout the Term, beginning on the Commencement Date, Subtenant shall pay to Sublandlord Base Rent in the amount set forth in the Basic Sublease Information. Base Rent shall be paid to Sublandlord without prior demand and without any deduction, setoff, or counterclaim whatsoever. Base Rent shall be payable on or before the first day of each month, in advance, at the Notice Address of Sublandlord provided in Section 21.1 hereof or such other place as Sublandlord may designate in writing. If the Commencement Date occurs on a date other than the first day of a calendar month, or the Sublease terminates on a day other than the last day of a calendar month, then the monthly payment of Base Rent for such fractional month shall be prorated based on a thirty (30) day month.

5.2. **Adjustments in Base Rent.** If this Sublease has not been terminated, then on each Rent Adjustment Date set forth in the Basic Sublease Information, the Base Rent shall be increased by the Rent Increase Percentage set forth in the Basic Lease Information.

5.3. **Additional Charges.** In addition to Base Rent, Subtenant shall pay all other charges related to the Premises otherwise payable by Subtenant to Sublandlord hereunder, including, without limitation, all late charges and default interest attributable to late payments and/or defaults of Subtenant hereunder, all utility charges, and any amounts other than Base Rent that shall become due and payable by Subtenant under this Sublease (together, the "Additional Charges"). Together, Base Rent and Additional Charges shall hereinafter be referred to as the "Rent".

5.4. **Late Charge.** If Subtenant fails to pay any Rent within ten (10) days after the date the same is due and payable, such unpaid amount will be subject to a late payment charge equal to six percent (6%) of the unpaid amount in each instance. The late payment charge has been agreed upon by Sublandlord and Subtenant, after negotiation, as a reasonable estimate of the

additional administrative costs and detriment that Sublandlord will incur as a result of any such failure by Subtenant, the actual costs thereof being extremely difficult if not impossible to determine. The late payment charge constitutes liquidated damages to compensate Sublandlord for its damages resulting from such failure to pay and Subtenant shall promptly pay such charge to Sublandlord together with such unpaid amount.

5.5. Default Interest. If any Rent is not paid within ten (10) days following the due date, such unpaid amount shall bear interest from the due date until paid at the rate of ten percent (10%) per year. However, interest shall not be payable on late charges incurred by Subtenant nor on any amounts on which late charges are paid by Subtenant to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Subtenant.

6. TAXES, ASSESSMENTS AND OTHER EXPENSES

6.1. Taxes and Assessments, Licenses, Permit Fees and Liens.

(a) **Payment Responsibility.** Subtenant shall pay any and all real and personal property taxes, including, but not limited to, possessory interest taxes, general and special assessments, excises, licenses, permit fees and other charges and impositions of every description levied on or assessed against the Premises, any Alterations, Subtenant's Personal Property, or Subtenant's use of the Premises or any Alterations during the Term. Subtenant shall make all such payments directly to the charging authority when due and payable and at least ten (10) days prior to delinquency. However, with respect to real property taxes and assessments levied on or assessed against the Premises for which Sublandlord receives the tax bill directly from the taxing authority, Subtenant shall reimburse Sublandlord for payment of such sums immediately upon demand.

(b) **Taxability of Possessory Interest.** Without limiting the foregoing, Subtenant recognizes and agrees that this Sublease may create a possessory interest subject to property taxation and that Subtenant may be subject to the payment of property taxes levied on such interest.

(c) **No Liens.** Subtenant shall not allow or suffer a lien for any taxes payable by Subtenant hereunder to be imposed upon the Premises or upon any equipment or other property located thereon without discharging the same as soon as practicable, and in no event subsequent to delinquency.

(d) **Reporting Information.** Subtenant agrees to provide such information as Sublandlord may request to enable Sublandlord to comply with any possessory interest tax reporting requirements applicable to this Sublease.

6.2. Evidence of Payment. Subtenant shall, upon Sublandlord's request, furnish to Sublandlord within ten (10) days after the date when any charges are due and payable, official

receipts of the appropriate taxing authority or other evidence reasonably satisfactory to Sublandlord, evidencing payment thereof.

7. USE; COVENANTS TO PROTECT PREMISES

7.1. Subtenant's Permitted Use. Subtenant may use the Premises for the Permitted Use set forth in the Basic Sublease Information, but for no other purpose without the prior written consent of Sublandlord, which consent may be given or withheld in Sublandlord's sole and absolute discretion.

7.2. Subtenant's Access to the Premises. As provided in Section 30 of the Master Lease, Subtenant shall have access to the Premises on a 24-hours per day, seven days a week basis; provided, however, Subtenant shall coordinate such access with the local representative of Master Landlord.

7.3. Rules and Regulations. Subtenant agrees to adhere to all rules and regulations regarding the Premises attached hereto as Exhibit D, and any additional rules regarding security, ingress, egress, safety and sanitation applicable to the Premises or the Property, as such rules and regulations may be prescribed by Master Landlord or Sublandlord from time to time.

7.4. Easements. This Sublease shall be subject to all outstanding easements and rights-of-way for location of any type of facility over, across, in, and upon the Premises or any portion thereof, and to the right of Master Landlord to grant such additional easements and rights-of-way over, across, in and upon the Premises as Master Landlord shall determine to be in the public interest ("Additional Easements"); provided that, as provided in Section 29 of the Master Lease, Master Landlord shall use its best efforts to minimize any interference with Subtenant's operations hereunder caused by the granting of any such Additional Easements and the granting of such Additional Easements shall be conditioned on the assumption by the grantee thereof of liability to Subtenant for such damages as Subtenant shall suffer for property destroyed or property rendered unusable on account of the grantee's exercise of its rights thereunder. There is hereby reserved to the holders of such Additional Easements as are presently outstanding or which may hereafter be granted, to any workers officially engaged in the construction, installation, maintenance, operation, repair or replacement of facilities located thereon, and to any federal, state or local official engaged in the official inspection thereof, such reasonable rights of ingress and egress over the Premises as shall be necessary for the performance of their duties with regard to such facilities.

7.5. No Interference with Navy Operations. Subtenant shall not conduct operations, nor make any Alterations (as defined below), that would interfere with or otherwise restrict Master Landlord's operations or environmental clean-up or restoration actions by the Master Landlord, Sublandlord, the Environmental Protection Agency, the State of California or their contractors. Environmental clean-up, restoration or testing activities by these Parties shall take priority over Subtenant's use of the Premises in the event of any conflict; provided, however, in such event,

Master Landlord and Sublandlord shall use their best efforts to minimize any disruption of Subtenant's operation.

7.6. No Unlawful Uses, Nuisances or Waste. Without limiting the foregoing, Subtenant shall not use, occupy or permit the use or occupancy of any of the Premises in any unlawful manner or for any illegal purpose, or permit any offensive, noisy or hazardous use or any waste on or about the Premises. Subtenant shall eliminate any nuisances or hazards relating to its activities on or about the Premises. Subtenant shall not conduct any business, place any sales display, or advertise in any manner in areas on or about the Property outside of the Premises.

8. ALTERATIONS

8.1. Alterations. Subtenant shall not construct, install, make or permit to be made any alterations, installations or additions ("Alterations") in, to or about the Premises, without Sublandlord's prior written consent in each instance, which consent may given or withheld in Sublandlord's sole and absolute discretion. Subject to Sublandlord's consent as provided above, any Alterations shall be done at Subtenant's sole expense (i) in strict accordance with plans and specifications approved in advance by Sublandlord in writing, (ii) by duly licensed and bonded contractors or mechanics approved by Sublandlord, (iii) in a good and professional manner, (iv) in strict compliance with all Laws, and (v) subject to all other conditions that Sublandlord may reasonably impose. In no event shall the construction, installation or the making of any Alterations impair the use or operation of the Property, or any portion thereof, or Sublandlord's or Master Landlord's access thereto. Prior to the commencement of any work on the Premises to construct any Alterations, Subtenant, at its sole expense, shall procure all required permits and approvals and shall promptly upon receipt deliver copies of all such documents to Sublandlord. No material change from the plans and specifications for any Alterations approved by Sublandlord may be made without Sublandlord's prior consent. Sublandlord and Sublandlord's Agents shall have the right to inspect the course of construction on the Premises at all times.

8.2. Historic Properties. Without limiting the generality of the foregoing, Subtenant acknowledges and agrees that, pursuant to Section 15 of the Master Lease, no Alterations may be made to any improvements on the Premises (i) which will affect the historic characteristics of the improvements or modify the appearance of the exterior of the improvements without Master Landlord's and Sublandlord's prior written consent, or (ii) if such Alterations would preclude qualifying the improvements for inclusion on the National Register for Historic Places.

8.3. Ownership of Alterations. Any Alterations constructed on or affixed to the Premises by or on behalf of Subtenant pursuant to the terms and limitations of this Section 8 shall be and remain Subtenant's property during the Term. Upon the termination of this Sublease, Subtenant shall remove all such Alterations from the Premises in accordance with the provisions of Section 19 hereof, unless Sublandlord, at its sole option and without limiting any of the provisions of Section 8.1 above, requires that such Alterations remain on the Premises following the expiration or termination of this Sublease.

8.4. **Subtenant's Personal Property.** All furniture, furnishings and articles of movable personal property and equipment used upon or installed in the Premises by or for the account of Subtenant that can be removed without structural or other material damage to the Premises (all of which are herein called "Subtenant's Personal Property") shall be and remain the property of Subtenant and shall be removed by Subtenant, subject to the provisions of Section 19 hereof. Subtenant shall be solely responsible for providing any security or other protection of or maintenance to Subtenant's Personal Property.

8.5. **Sublandlord's Alterations.** Sublandlord reserves the right at any time to make alterations, additions, repairs, deletions or improvements to the common areas or any other part of the improvements on the Premises; provided, that any such alterations or additions shall not materially adversely affect the functional utilization of the Premises for the purposes stated herein.

9. REPAIRS AND MAINTENANCE

9.1. **Subtenant Responsible for Maintenance and Repair.** Subtenant assumes full and sole responsibility for the condition, operation, repair and maintenance and management of the Premises from and after the Commencement Date and shall keep the Premises in good condition and repair. Sublandlord shall not be responsible for the performance of any repairs, changes or alterations to the Premises, nor shall Sublandlord be liable for any portion of the cost thereof. Subtenant shall make all repairs and replacements, interior and exterior, structural as well as non-structural, ordinary as well as extraordinary, foreseen and unforeseen, which may be necessary to maintain the Premises at all times in a clean, safe, attractive and sanitary condition and in good order and repair, to Sublandlord's and Master Landlord's reasonable satisfaction, provided, however, that neither Subtenant nor Sublandlord shall be required to make structural repairs or Alterations to correct conditions affecting the Premises existing prior to the Commencement Date. If any portion of the Premises is damaged by any activities conducted by Subtenant or Subtenant's Agents or Subtenant's Invitees hereunder, Subtenant shall immediately, at its sole cost, repair all such damage and restore the Premises to its previous condition.

9.2. **Utilities.** Sublandlord shall provide the basic utilities and services described in the attached Exhibit E (the "Standard Utilities and Services") to the Premises, subject to the terms and conditions contained therein. Subtenant shall be responsible for furnishing, at its sole cost, any utilities or services other than or in excess of the Standard Utilities and Services that Subtenant may need for its use of the Premises. Subtenant shall pay, without set off or counterclaim, all amounts due and owing for such Standard Utilities and Services at the rates provided in and as otherwise set forth in Exhibit E.

9.3. **Landscaping.** Subtenant shall maintain the exterior landscaping of the Premises in good condition and repair.

9.4. **Janitorial Services.** Subtenant shall provide all janitorial services for the Premises.

9.5. **Pest Control.** Subtenant shall provide and pay for all pest control services required within the Premises, and shall keep the Premises free of all pests at all times.

9.6. **Trash.** Subtenant shall deposit all trash into designated containers in the Premises in compliance with the Rules and Regulations attached hereto as **Exhibit D.** Subtenant shall pay for the removal of trash from the designated containers. Subtenant shall abide by all rules established by Sublandlord or Master Landlord for the handling of trash.

9.7. **No Right to Repair and Deduct.** Subtenant expressly waives the benefit of any existing or future Laws or judicial or administrative decision that would otherwise permit Subtenant to make repairs or replacements at Sublandlord's expense, or to terminate this Sublease because of Sublandlord's failure to keep the Premises or any part thereof in good order, condition or repair, or to abate or reduce any of Subtenant's obligations hereunder on account of the Premises or any part thereof being in need of repair or replacement. Without limiting the foregoing, Subtenant expressly waives the provisions of California Civil Code Sections 1932, 1941 and 1942 or any similar Laws with respect to any right of Subtenant to terminate this Sublease and with respect to any obligations of Sublandlord hereunder or any right of Subtenant to make repairs or replacements and deduct the cost thereof from Rent.

10. LIENS

10.1. **Liens.** Subtenant shall keep the Premises free from any liens arising out of any work performed, material furnished or obligations incurred by or for Subtenant. In the event Subtenant does not, within five (5) days following the imposition of any such lien, cause the lien to be released of record by payment or posting of a proper bond, Sublandlord shall have in addition to all other remedies provided herein and by law or equity the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including, but not limited to, payment of the claim giving rise to such lien. All such sums paid by Sublandlord and all expenses it incurs in connection therewith (including, without limitation, reasonable attorneys' fees) shall be payable to Sublandlord by Subtenant upon demand. Sublandlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law or that Sublandlord deems proper for its protection and protection of the Premises from mechanics' and materialmen's liens. Subtenant shall give Sublandlord at least fifteen (15) days' prior written notice of the commencement of any repair or construction on any of the Premises.

11. COMPLIANCE WITH LAWS

11.1. **Compliance with Laws.** Subtenant shall promptly, at its sole expense, maintain the Premises and Subtenant's use and operations thereon in strict compliance at all times with all present and future Laws, whether foreseen or unforeseen, ordinary as well as extraordinary; provided, however Subtenant shall not be required to make repairs or structural changes to the

Premises required solely to correct conditions affecting the Premises existing prior to the Commencement Date or not related to Subtenant's use of the Premises, unless the requirement for such changes is imposed as a result of any Alterations made or requested to be made by Subtenant. Such Laws shall include, without limitation, all Laws relating to health and safety and disabled accessibility including, without limitation, the Americans with Disabilities Act, 42 U.S.C. §§ 12101 et seq. and Title 24 of the California Code of Regulations, all present and future Environmental Laws (as defined in this Sublease below), and all applicable provisions of the San Francisco Environment Code. No occurrence or situation arising during the Term, nor any present or future Law, whether foreseen or unforeseen, and however extraordinary, shall give Subtenant any right to seek redress against Sublandlord for failing to comply with any Laws. Subtenant waives any rights now or hereafter conferred upon it by any existing or future Law to compel Sublandlord to make any repairs to comply with any such Laws, on account of any such occurrence or situation.

11.2. Regulatory Approvals.

(a) **Responsible Party.** Subtenant understands and agrees that Subtenant's use of the Premises and construction of any Alterations permitted hereunder may require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises. Subtenant shall be solely responsible for obtaining any and all such regulatory approvals, including without limitation, any liquor permits or approvals. Subtenant shall not seek any regulatory approval without first obtaining the written consent of Sublandlord. Subtenant shall bear all costs associated with applying for, obtaining and maintaining any necessary or appropriate regulatory approval and shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval. Any fines or penalties levied as a result of Subtenant's failure to comply with the terms and conditions of any regulatory approval shall be immediately paid and discharged by Subtenant, and Sublandlord shall have no liability, monetary or otherwise, for any such fines or penalties. Subtenant shall indemnify, protect, defend and hold harmless forever ("Indemnify") Sublandlord, City and Master Landlord, including, but not limited to, all of their respective officers, directors, employees, agents, affiliates, subsidiaries, licensees, contractors, boards, commissions, departments, agencies and other subdivisions and each of the persons acting by, through or under each of them, and their respective heirs, legal representatives, successors and assigns, and each of them (the "Indemnified Parties"), against any and all claims, demands, losses, liabilities, damages, liens, injuries, penalties, fines, lawsuits and other proceedings, judgments and awards and costs and expenses, including, without limitation, reasonable attorneys' and consultants' fees and costs ("Losses") arising in connection with Subtenant's failure to obtain or comply with the terms and conditions of any regulatory approval.

11.3. Compliance with Sublandlord's Risk Management Requirements. Subtenant shall not do anything, or permit anything to be done, in or about the Premises or to any Alterations permitted hereunder that would create any unusual fire risk, and shall take commercially reasonable steps to protect Sublandlord from any potential premises liability. Subtenant shall

faithfully observe, at its expense, any and all reasonable requirements of Sublandlord's Risk Manager with respect thereto and with the requirements of any policies of commercial general liability, all risk property or other policies of insurance at any time in force with respect to the Premises and any Alterations as required hereunder.

12. ENCUMBRANCES

12.1. Encumbrance By Subtenant. Notwithstanding anything to the contrary contained in this Sublease, Subtenant shall not under any circumstances whatsoever create any mortgage, deed of trust, assignment of rents, fixture filing, security agreement, or similar security instrument, or other lien or encumbrance or assignment or pledge of an asset as security in any manner against the Premises or Sublandlord's or Subtenant's interest under this Sublease.

13. DAMAGE OR DESTRUCTION

13.1. Damage or Destruction to the Premises. In the case of damage to or destruction of the Premises by earthquake, fire, flood or any other casualty, which (i) is not caused by Subtenant or Subtenant's Agents or Subtenant's Invitees, (ii) is not covered by the insurance described in Section 17 below, (iii) prevents Subtenant from operating the Premises for the purposes stated herein, and (iv) costs more to repair than the Repair amount set forth in the Basic Lease Information, either party may terminate this Sublease upon thirty (30) days prior written notice and upon any such termination Subtenant shall surrender the Premises in accordance with Section 19 (except for damage caused by a casualty pursuant to which this Sublease may be terminated under this Section 13.1) and both Parties shall be relieved of any liability for such termination or for repairing such damage. If neither Party terminates this Sublease as provided in this Section 13.1, then Subtenant shall, at its sole cost, promptly restore, repair, replace or rebuild the Premises to the condition the Premises were in prior to such damage or destruction, subject to any Alterations made in strict accordance with the requirements of Section 8.1 above. Under no circumstances shall Sublandlord have any obligation to repair, replace or rebuild the Premises in the event of a casualty.

13.2. No Abatement in Rent. In the event of any damage or destruction to the Premises, and if neither party terminates this Sublease as provided in Section 13.1 above, there shall be no abatement in the Rent payable hereunder.

13.3. Waiver. The Parties understand and agree that the foregoing provisions of this Section are intended to govern fully the rights and obligations of the Parties in the event of damage or destruction to the Premises or Alterations, and Sublandlord and Subtenant each hereby waives and releases any right to terminate this Sublease in whole or in part under Sections 1932.2 and 1933.4 of the Civil Code of California or under any similar Laws now or hereafter in effect, to the extent such rights are inconsistent with the provisions hereof.

14. ASSIGNMENT AND SUBLETTING

14.1. Restriction on Assignment and Subletting. Subtenant shall not directly or indirectly (including, without limitation, by merger, acquisition or other transfer of any controlling interest in Subtenant), voluntarily or by operation of Law, sell, assign, encumber, pledge, sublease or otherwise transfer any part of its interest in or rights with respect to the Premises, any Alterations or its interest in this Sublease, or permit any portion of the Premises to be occupied by anyone other than itself, or sublet any portion of the Premises (a "Transfer"), without Sublandlord's prior written consent in each instance, which Sublandlord may grant or withhold in its sole and absolute discretion. Subtenant shall provide Sublandlord with a written notice of its intention to Transfer this Sublease or the Premises, together with a copy of the proposed Transfer agreement at least thirty (30) days prior to the commencement date of the proposed Transfer. Subtenant shall provide Sublandlord with such information regarding the proposed Transfer as Sublandlord may reasonably request.

14.2. Bonus Rental. If Sublandlord consents to a Transfer of any of Subtenant's interest in or rights with respect to the Premises pursuant to Section 14.1 above, then one hundred percent (100%) of any rent or other consideration payable to Subtenant in excess of the Base Rent payable hereunder (or the proportionate share thereof applicable to the portion of the Premises that is subject to the Transfer) shall be paid to Sublandlord immediately upon receipt by Subtenant.

15. DEFAULT; REMEDIES

15.1. Events of Default. Any of the following shall constitute an event of default ("Event of Default") by Subtenant hereunder:

- (a) **Failure to Pay Rent.** Any failure to pay any Rent or any other sums due hereunder, including sums due for utilities, within five (5) days after such sums are due;
- (b) **Covenants, Conditions and Representations.** Any failure to perform or comply with any other covenant, condition or representation made under this Sublease; provided, Subtenant shall have a period of ten (10) days from the date of written notice from Sublandlord of such failure within which to cure such default under this Sublease, or, if such default is not capable of cure within such 10-day period, Subtenant shall have a reasonable period to complete such cure if Subtenant promptly undertakes action to cure such default within such 10-day period and thereafter diligently prosecutes the same to completion and uses its best efforts to complete such cure within sixty (60) days after the receipt of notice of default from Sublandlord;
- (c) **Vacation or Abandonment.** Any abandonment of the Premises for more than fourteen (14) consecutive days;
- (d) **Bankruptcy.** The appointment of a receiver to take possession of all or substantially all of the assets of Subtenant, or an assignment by Subtenant for the benefit of creditors, or any

action taken or suffered by Subtenant under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute, whether now existing or hereafter amended or enacted; and

(e) **Notices of Default.** The delivery to Subtenant of three (3) or more notices of default within any twelve (12) month period, irrespective of whether Subtenant actually cures such default within the specified time period, may, in the sole and absolute discretion of the Authority, be deemed an incurable breach of this Sublease allowing the Authority to immediately terminate this Sublease without further notice or demand to Subtenant.

15.2. Remedies. Upon the occurrence of an Event of Default by Subtenant, Sublandlord shall have the following rights and remedies in addition to all other rights and remedies available to Sublandlord at Law or in equity:

(a) **Terminate Sublease and Recover Damages.** The rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including, but not limited to, the right to terminate Subtenant's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that Subtenant proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2. Sublandlord's efforts to mitigate the damages caused by Subtenant's breach of this Sublease shall not waive Sublandlord's rights to recover unmitigated damages upon termination.

(b) **Appointment of Receiver.** The right to have a receiver appointed for Subtenant upon application by Sublandlord to take possession of the Premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to Sublandlord pursuant to this Sublease.

15.3. Sublandlord's Right to Cure Subtenant's Defaults. If Subtenant defaults in the performance of any of its obligations under this Sublease, then Sublandlord may at any time thereafter with three (3) days prior written notice (except in the event of an emergency as determined by Sublandlord where prior notice by Sublandlord is impractical), remedy such Event of Default for Subtenant's account and at Subtenant's expense. Subtenant shall pay to Sublandlord, as Additional Charges, promptly upon demand, all sums expended by Sublandlord, or other costs, damages, expenses or liabilities incurred by Sublandlord, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy such Event of Default. Subtenant's obligations under this Section shall survive the termination of this Sublease. Nothing herein shall imply any duty of Sublandlord to do any act that Subtenant is obligated to perform under any provision of this Sublease, and Sublandlord's cure or attempted cure of Subtenant's Event of Default shall not constitute a waiver of Subtenant's Event of Default or any rights or remedies of Sublandlord on account of such Event of Default.

16. RELEASE AND WAIVER OF CLAIMS; INDEMNIFICATION

16.1. Release and Waiver of Claims. Subtenant, on behalf of itself and Subtenant's Agents, covenants and agrees that the Indemnified Parties shall not be responsible for or liable to Subtenant for, and, to the fullest extent allowed by any Laws, Subtenant hereby waives all rights against the Indemnified Parties and releases them from, any and all Losses, including, but not limited to, incidental and consequential damages, relating to any injury, accident or death of any person or loss or damage to any property, in or about the Premises, from any cause whatsoever, including without limitation, partial or complete collapse of the Premises due to an earthquake or subsidence, except only to the extent such Losses are caused solely by the gross negligence or willful misconduct of the Indemnified Parties. Without limiting the generality of the foregoing:

(a) Subtenant expressly acknowledges and agrees that the Rent payable hereunder does not take into account any potential liability of the Indemnified Parties for any consequential or incidental damages including, but not limited to, lost profits arising out of disruption to Subtenant's uses hereunder. Sublandlord would not be willing to enter into this Sublease in the absence of a complete waiver of liability for consequential or incidental damages due to the acts or omissions of the Indemnified Parties, and Subtenant expressly assumes the risk with respect thereto. Accordingly, without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action for consequential and incidental damages and covenants not to sue the Indemnified Parties for such damages arising out of this Sublease or the uses authorized hereunder, including, without limitation, any interference with uses conducted by Subtenant pursuant to this Sublease regardless of the cause.

(b) Without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action against, and covenants not to sue the Indemnified Parties under any present or future Laws, statutes, or regulations, including, but not limited to, any claim for inverse condemnation or the payment of just compensation under the law of eminent domain, or otherwise at equity, in the event that Sublandlord terminates this Sublease because of such claim for inverse condemnation or eminent domain.

(c) As part of Subtenant's agreement to accept the Premises in its "As Is" condition as provided herein, and without limiting such agreement and any other waiver contained herein, Subtenant on behalf of itself and its successors and assigns, waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way be connected with the physical or environmental condition of the Premises and any related improvements or any Laws or regulations applicable thereto or the suitability of the Premises for Subtenant's intended use.

(d) Subtenant acknowledges that it will not be a displaced person at the time this Sublease is terminated, and Subtenant fully RELEASES, WAIVES AND DISCHARGES the Indemnified Parties from any and all Losses and any and all claims, demands or rights against any of the Indemnified Parties under any present and future Laws, including, without limitation, any and all claims for relocation benefits or assistance from the Indemnified Parties under federal and state relocation assistance laws.

(e) Without limiting any other waiver contained herein, Subtenant, on behalf of itself and its successors and assigns, hereby waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way connected with the Indemnified Parties' decision to Sublease the Premises to Subtenant, regardless of whether or not such decision is or may be determined to be an act of gross negligence or willful misconduct of the Indemnified Parties.

(f) Subtenant covenants and agrees never to file, commence, prosecute or cause to be filed, commenced or prosecuted against the Indemnified Parties any claim, action or proceeding based upon any claims, demands, causes of action, obligations, damages, losses, costs, expenses or liabilities of any nature whatsoever encompassed by the waivers and releases set forth in this Section 16.1.

(g) In executing these waivers and releases, Subtenant has not relied upon any representation or statement other than as expressly set forth herein.

(h) Subtenant had made such investigation of the facts pertaining to these waivers and releases as it deems necessary and assumes the risk of mistake with respect to such facts. These waivers and releases are intended to be final and binding on Subtenant regardless of any claims of mistake.

(i) In connection with the foregoing releases, Subtenant acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Subtenant acknowledges that the releases contained herein include all known and unknown, disclosed and undisclosed, and anticipated and unanticipated claims. Subtenant realizes and acknowledges that it has agreed upon this Sublease in light of this realization and, being fully aware of this situation, it nevertheless intends to waive the benefit of Civil Code Section 1542, or any statute or other similar law now or later in effect. The waivers and releases

contained herein shall survive any termination of this Sublease.

16.2. Subtenant's Indemnity. Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties from and against any and all Losses arising out of Subtenant's use of the Premises, including but not limited to, any Losses arising directly or indirectly, in whole or in part, out of: (a) any damage to or destruction of any property owned by or in the custody of Subtenant or Subtenant's Agents or Subtenant's Invitees; (b) any accident, injury to or death of a person, including, without limitation, Subtenant's Agents and Subtenant's Invitees, howsoever or by whomsoever caused, occurring in, on or about the Premises; (c) any default by Subtenant in the observation or performance of any of the terms, covenants or conditions of this Sublease to be observed or performed on Subtenant's part; (d) the use, occupancy, conduct or management, or manner of use, occupancy, conduct or management by Subtenant, Subtenant's Agents or Subtenant's Invitees or any person or entity claiming through or under any of them, of the Premises or any Alterations; (e) any construction or other work undertaken by Subtenant on or about the Premises; and (f) any acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees, in, on, or about the Premises or any Alterations, except to the extent that such Indemnity is void or otherwise unenforceable under any applicable Laws in effect on or validly retroactive to the date of this Sublease and further except only to the extent such Losses are caused solely by the gross negligence or intentional wrongful acts and omissions of the Indemnified Parties. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and Sublandlord's costs of investigating any Loss. Subtenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter. Subtenant's obligations under this Section shall survive the expiration or sooner termination of this Sublease.

17. INSURANCE

17.1. Required Insurance Coverage. Subtenant, at its sole cost and expense, shall maintain, or cause to be maintained, through the Term of this Sublease, the following insurance:

(a) **General Liability Insurance.** Comprehensive or commercial general liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including coverages for contractual liability, independent contractors, broad form property damage, personal injury, products and completed operations, fire damage and legal liability with limits not less than One Million Dollars (\$1,000,000), explosion, collapse and underground (XCU).

(b) **Automobile Liability Insurance.** Comprehensive or business automobile liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including coverages for owned and hired

vehicles and for employer's non-ownership liability, which insurance shall be required if any automobiles or any other motor vehicles are operated in connection with Subtenant's activity on the Premises or the Permitted Use.

(c) **Worker's Compensation and Employer's Liability Insurance.** If Subtenant has employees, Worker's Compensation Insurance in statutory amounts with Employer's Liability with limits not less than One Million Dollars (\$1,000,000.00) for each accident, injury or illness, on employees eligible for each.

(d) **Personal Property Insurance.** Subtenant, at its sole cost and expense, shall procure and maintain on all of its personal property and Alterations, in, on, or about the Premises, property insurance on an all risk form, excluding earthquake and flood, to the extent of full replacement value. The proceeds from any such policy shall be used by Subtenant for the replacement of Subtenant's personal property.

(e) **Other Coverage.** Such other insurance or different coverage amounts as is required by law or as is generally required by commercial owners of property similar in size, character, age and location as the Premises, as may change from time to time, or as may be required by the City's Risk Manager.

17.2. Claims-Made Policies. If any of the insurance required in Section 17.1 above is provided under a claims-made form of policy, Subtenant shall maintain such coverage continuously throughout the Term and without lapse for a period of three (3) years beyond the termination of this Sublease, to the effect that should occurrences during the Term give rise to claims made after termination of this Sublease, such claims shall be covered by such claims-made policies.

17.3. Annual Aggregate Limits. If any of the insurance required in Section 17.1 above is provided under a form of coverage which includes an annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit shall be double the occurrence limits specified herein.

17.4. Payment of Premiums. Subtenant shall pay the premiums for maintaining all required insurance.

17.5. Waiver of Subrogation Rights. Notwithstanding anything to the contrary contained herein, Sublandlord and Subtenant (each a "Waiving Party") each hereby waives any right of recovery against the other party for any loss or damage sustained by such other party with respect to the Facility or the Premises or any portion thereof or the contents of the same or any operation therein, whether or not such loss is caused by the fault or negligence of such other party, to the extent such loss or damage is covered by insurance which is required to be purchased by the Waiving Party under this Sublease or is actually covered by insurance obtained by the Waiving Party. Each Waiving Party agrees to cause its insurers to issue appropriate waiver of subrogation.

rights endorsements to all policies relating to the Facility or the Premises; provided, the failure to obtain any such endorsement shall not affect the above waiver.

17.6. General Insurance Matters.

(a) All liability insurance policies required to be maintained by Subtenant hereunder shall contain a cross-liability clause, shall name as additional insureds the "THE TREASURE ISLAND DEVELOPMENT AUTHORITY, CITY AND COUNTY OF SAN FRANCISCO, THE UNITED STATES OF AMERICA, ACTING BY AND THROUGH THE DEPARTMENT OF THE NAVY, AND THEIR OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS," shall be primary to any other insurance available to the additional insureds with respect to claims arising under this Sublease, and shall provide that such insurance applies separately to each insured against whom complaint is made or suit is brought except with respect to the limits of the company's liability.

(b) All insurance policies required to be maintained by Subtenant hereunder shall be issued by an insurance company or companies reasonably acceptable to Sublandlord with an AM Best rating of not less than A-VIII and authorized to do business in the State of California.

(c) All insurance policies required to be maintained by Subtenant hereunder shall provide for thirty (30) days' prior written notice of cancellation for any reason, intended non-renewal, or reduction in coverage to Subtenant and Sublandlord. Such notice shall be given in accordance with the notice provisions of Section 21.1 below.

(d) Subtenant shall deliver to Sublandlord certificates of insurance and additional insured policy endorsements in a form satisfactory to Sublandlord evidencing the coverages required herein, together with evidence of payment of premiums, on or before the Commencement Date, and upon renewal of each policy not less than thirty (30) days before expiration of the term of the policy. Subtenant shall, upon Sublandlord's request, promptly furnish Sublandlord with a complete copy of any insurance policy required hereunder.

(e) Not more often than every year and upon not less than sixty (60) days' prior written notice, Sublandlord may require Subtenant to increase the insurance limits set forth in Section 17.1 above if Sublandlord finds in its reasonable judgment that it is the general commercial practice in San Francisco to carry insurance in amounts substantially greater than those amounts carried by Subtenant with respect to risks comparable to those associated with the use of the Premises.

(f) Subtenant's compliance with the provisions of this Section shall in no way relieve or decrease Subtenant's indemnification obligations herein or any of Subtenant's other obligations or liabilities under this Sublease.

(g) Notwithstanding anything to the contrary in this Sublease, Sublandlord may elect in

Sublandlord's sole and absolute discretion to terminate this Sublease upon the lapse of any required insurance coverage by written notice to Subtenant.

18. ACCESS BY SUBLANDLORD

18.1. Access to Premises by Sublandlord.

(a) **General Access.** Sublandlord reserves for itself and Sublandlord's Agents, the right to enter the Premises and any portion thereof at all reasonable times upon not less than twenty-four (24) hours oral or written notice to Subtenant (except in the event of an emergency) for any purpose.

(b) **Emergency Access.** In the event of any emergency, as determined by Sublandlord, Sublandlord may, at its sole option and without notice, enter the Premises and alter or remove any Alterations or Subtenant's Personal Property on or about the Premises. Sublandlord shall have the right to use any and all means Sublandlord considers appropriate to gain access to any portion of the Premises in an emergency. In such case, Sublandlord shall not be responsible for any damage or injury to any such property, nor for the replacement of any such property and any such emergency entry shall not be deemed to be a forcible or unlawful entry onto or a detainer of, the Premises, or an eviction, actual or constructive, of Subtenant from the Premises or any portion thereof.

(c) **No Liability.** Sublandlord shall not be liable in any manner, and Subtenant hereby waives any claims, for any inconvenience, disturbance, loss of business, nuisance or other damage arising out of Sublandlord's entry onto the Premises, except damage resulting directly and exclusively from the gross negligence or willful misconduct of Sublandlord or Sublandlord's Agents and not contributed to by the acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees.

18.2. Access to Premises by Master Landlord. Subtenant acknowledges and agrees that Master Landlord shall have all of the rights of access to the Premises described in the Master Lease.

19. SURRENDER

19.1. Surrender of the Premises. Upon the termination of this Sublease, Subtenant shall surrender to Sublandlord the Premises in the same condition as of the Commencement Date, ordinary wear and tear excepted, and free and clear of all liens, easements and other encumbrances created or suffered by, through or under Subtenant. On or before any termination hereof, Subtenant shall, at its sole cost, remove any and all of Subtenant's Personal Property from the Premises and demolish and remove any and all Alterations from the Premises (except for any Alterations that Sublandlord agrees are to remain part of the Premises pursuant to the provisions of Section 8.3 above). In addition, Subtenant shall, at its sole expense, repair any damage to the

Premises resulting from the removal of any such items and restore the Premises to their condition immediately prior to the presence of any Alterations. In connection therewith, Subtenant shall obtain any and all necessary permits and approvals, including, without limitation, any environmental permits, and execute any manifests or other documents necessary to complete the demolition, removal or restoration work required hereunder. Subtenant's obligations under this Section shall survive the termination of this Sublease. Any items of Subtenant's Personal Property remaining on or about the Premises after the termination of this Sublease may, at Sublandlord's option and after thirty (30) days written notice to Subtenant, be deemed abandoned and in such case Sublandlord may dispose of such property in accordance with Section 1980, et seq., of the California Civil Code or in any other manner allowed by Law.

19.2. No Holding Over. If Subtenant fails to surrender the Premises to Sublandlord upon the termination of this Sublease as required by this Section, Subtenant shall Indemnify Sublandlord against all Losses resulting therefrom, including, without limitation, Losses made by a succeeding Subtenant resulting from Subtenant's failure to surrender the Premises. Subtenant shall have no right to hold over without the prior written consent of Sublandlord, which consent may be withheld in Sublandlord's sole and absolute discretion. If Sublandlord holds over the Premises or any part thereof after expiration or earlier termination of this Sublease, such holding over shall be terminable upon written notice by Sublandlord, and the Base Rent shall be increased to two hundred percent (200%) of the Base Rent in effect immediately prior to such holding over, and such holdover shall otherwise be on all the other terms and conditions of this Sublease. This Section shall not be construed as Sublandlord's permission for Subtenant to hold over. Acceptance of any holdover Base Rent by Sublandlord following expiration or termination of this Sublease shall not constitute an extension or renewal of this Sublease.

19.3. Security Deposit. Subtenant shall pay to Sublandlord upon execution of this Sublease a security deposit in the amount set forth in the Basic Sublease Information as security for the faithful performance of all terms, covenants and conditions of this Sublease. Subtenant agrees that Sublandlord may (but shall not be required to) apply the security deposit in whole or in part to remedy any damage to the Premises caused by Subtenant, Subtenant's Agents or Subtenant's Invitees, or any failure of Subtenant to perform any other terms, covenants or conditions contained in this Sublease, without waiving any of Sublandlord's other rights and remedies hereunder or at Law or in equity. Should Sublandlord use any portion of the security deposit to cure any Event of Default by Subtenant hereunder, Subtenant shall immediately replenish the security deposit to the original amount, and Subtenant's failure to do so within five (5) days of Sublandlord's notice shall constitute a material Event of Default under this Sublease. Sublandlord's obligations with respect to the security deposit are solely that of debtor and not trustee. Sublandlord shall not be required to keep the security deposit separate from its general funds, and Subtenant shall not be entitled to any interest on such deposit. The amount of the security deposit shall not be deemed to limit Subtenant's liability for the performance of any of its obligations under this Sublease. To the extent that Sublandlord is not entitled to retain or apply the security deposit pursuant to this Section 20.3, Sublandlord shall return such security deposit to Subtenant within forty-five (45) days of the termination of this Sublease.

20. HAZARDOUS MATERIALS

20.1. No Hazardous Materials. Subtenant covenants and agrees that neither Subtenant nor any of Subtenant's Agents or Subtenant's Invitees shall cause or permit any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment, including, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended (42 U.S.C. Sections 9601 et seq.), or pursuant to Section 25281 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of any existing improvements on the Premises, or are naturally occurring substances on, in or about the Premises; and petroleum, including crude oil or any fraction thereof, and natural gas or natural gas liquids ("Hazardous Material") to be brought upon, kept, used, stored, generated or disposed of in, on or about the Premises or transported to or from the Premises without the prior written approval of Sublandlord, which approval may be withheld in Sublandlord's sole and absolute discretion. Subtenant shall immediately notify Sublandlord if and when Subtenant learns or has reason to believe there has been any release of Hazardous Material in, on or about the Premises. Sublandlord may from time to time request Subtenant to provide adequate information for Sublandlord to determine that any Hazardous Material permitted hereunder is being handled in compliance with all applicable federal, state or local Laws or policies relating to Hazardous Material (including, without limitation, its use, handling, transportation, production, disposal, discharge or storage) or to human health and safety, industrial hygiene or environmental conditions in, on, under or about the Premises and any other property, including, without limitation, soil, air and groundwater conditions ("Environmental Laws"), and Subtenant shall promptly provide all such information. Sublandlord and Sublandlord's Agents shall have the right to inspect the Premises for Hazardous Material and compliance with the provisions hereof at all reasonable times upon reasonable advance oral or written notice to Subtenant (except in the event of an emergency). Subtenant agrees that it shall comply, without limiting the foregoing, with the provisions of Article 21 of the San Francisco Health Code including, without limitation, regarding obtaining and complying with the requirements of an approved hazardous materials management plan, and with the requirements of the environmental protection provisions provided for in Section 13 of the Master Lease.

20.2. Subtenant's Environmental Indemnity. If Subtenant breaches any of its obligations contained in Section 20.1 above, or, if any act or omission or negligence of Subtenant or any of Subtenant's Agents or Subtenant's Invitees results in any spilling, leaking, pumping, pouring, emitting, discharging, injecting, escaping, leeching or dumping ("Release") of Hazardous Material in, on, under or about the Premises or the Property, without limiting Subtenant's general Indemnity contained in Section 16.2 above, Subtenant, on behalf of itself and Subtenant's

Agents, shall Indemnify the Indemnified Parties, and each of them, from and against any and all enforcement, investigation, remediation or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental Laws together with any and all Losses made or threatened by any third party against Sublandlord, Sublandlord's Agents, or the Premises, relating to damage, contribution, cost recovery compensation, loss or injury resulting from the presence, Release or discharge of any Hazardous Materials, including, without limitation, Losses based in common law, investigation and remediation costs, fines, natural resource damages, damages for decrease in value of the Premises, the loss or restriction of the use or any amenity of the Premises and attorneys' fees and consultants' fees and experts' fees and costs ("Hazardous Materials Claims") arising during or after the Term of this Sublease and relating to such Release. The foregoing Indemnity includes, without limitation, all costs associated with the investigation and remediation of Hazardous Material and with the restoration of the Premises or the Property to its prior condition including, without limitation, fines and penalties imposed by regulatory agencies, natural resource damages and losses, and revegetation of the Premises or other Sublandlord property. Without limiting the foregoing, if Subtenant or any of Subtenant's Agents or Subtenant's Invitees, causes or permits the Release of any Hazardous Materials in, on, under or about the Premises or the Property, Subtenant shall, immediately, at no expense to Sublandlord, take any and all appropriate actions to return the Premises or other Sublandlord property affected thereby to the condition existing prior to such Release and otherwise investigate and remediate the Release in accordance with all Environmental Laws. Subtenant shall provide Sublandlord with written notice of and afford Sublandlord a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, permit, approvals, or other compromise or proceeding involving Hazardous Material.

20.3. Acknowledgment of Receipt of EBS and FOSL Reports. Subtenant hereby acknowledges for itself and Subtenant's Agents that, prior to the execution of this Sublease, it has received and reviewed the Environmental Baseline Survey ("EBS") and the Finding of Suitability to Lease ("FOSL") described in Section 7 of the Master Lease. California law requires landlords to disclose to tenants the presence or potential presence of certain Hazardous Materials. Accordingly, Subtenant is hereby advised that occupation of the Premises may lead to exposure to Hazardous Materials such as, but not limited to, gasoline, diesel and other vehicle fluids, vehicle exhaust, office maintenance fluids, tobacco smoke, methane and building materials containing chemicals, such as formaldehyde. Further, there are Hazardous Materials located on the Premises as described in the EBS and the FOSL. In addition, California's Proposition 65, Health and Safety Code Section 25249.6 et seq., requires notice that some of these Hazardous Materials are known by the State of California to cause cancer or reproductive harm. By execution of this Sublease, Subtenant acknowledges that the notices and warnings set forth above satisfy the requirements of California Health and Safety Code Sections 25249.6 et seq., 25359.7 and related statutes.

21. GENERAL PROVISIONS

21.1. Notices. Except as otherwise expressly provided in this Sublease, any notice given hereunder shall be effective only in writing and given by delivering the notice in person, or by sending it first class mail or certified mail with a return receipt requested or reliable commercial overnight courier, return receipt requested, with postage prepaid, to the appropriate addresses set forth in the Basic Sublease Information. Any Party hereunder may designate a new address for notice purposes hereunder at least ten (10) days prior to the effective date of such change. Any notice hereunder shall be deemed to have been given two (2) days after the date when it is mailed if sent by first class or certified mail, one day after the date it is made, if sent by commercial overnight carrier, or upon the date personal delivery is made, and any refusal by either Party to accept the attempted delivery of any notice, if such attempted delivery is in compliance with this Section 21.1 and applicable Laws, shall be deemed receipt of such notice.

21.2. No Implied Waiver. No failure by Sublandlord to insist upon the strict performance of any obligation of Subtenant under this Sublease or to exercise any right, power or remedy arising out of a breach thereof, irrespective of the length of time for which such failure continues, no acceptance of full or partial payment of Rent due hereunder during the continuance of any such breach, and no acceptance of the keys to or possession of the Premises prior to the expiration of the Term by any Agent of Sublandlord, shall constitute a waiver of such breach or of Sublandlord's right to demand strict compliance with such term, covenant or condition or operate as a surrender of this Sublease. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of a default or the performance of any provision hereof shall not be deemed to be a waiver of a subsequent default or performance. The consent of Sublandlord given in any instance under the terms of this Sublease shall not relieve Subtenant of any obligation to secure the consent of Sublandlord in any other or future instance under the terms of this Sublease.

21.3. Amendments. Neither this Sublease nor any term or provision hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the Parties hereto.

21.4. Authority. If Subtenant signs as a corporation, a partnership or a limited liability company, each of the persons executing this Sublease on behalf of Subtenant does hereby covenant and warrant that Subtenant is a duly authorized and existing entity, that Subtenant has and is qualified to do business in California, that Subtenant has full right and authority to enter into this Sublease, and that each and all of the persons signing on behalf of Subtenant are authorized to do so. Upon Sublandlord's request, Subtenant shall provide Sublandlord with evidence reasonably satisfactory to Sublandlord confirming the foregoing representations and warranties. Without limiting the generality of the foregoing, Subtenant represents and warrants that it has full power to make the waivers and releases, indemnities and the disclosures set forth herein, and that it has received independent legal advice from its attorney as to the advisability of entering into a sublease containing those provisions and their legal effect.

21.5. Joint and Several Obligations. The word "Subtenant" as used herein shall include the plural as well as the singular. If there is more than one Subtenant, the obligations and liabilities under this Sublease imposed on Subtenant shall be joint and several.

21.6. Interpretation of Sublease. The captions preceding the articles and sections of this Sublease and in the table of contents have been inserted for convenience of reference only and such captions shall in no way define or limit the scope or intent of any provision of this Sublease. This Sublease has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intents and purposes of the Parties, without any presumption against the party responsible for drafting any part of this Sublease. Provisions in this Sublease relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action occurs on a Saturday, Sunday or a bank or Sublandlord holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day. Use of the word "including" or similar words shall not be construed to limit any general term, statement or other matter in this Sublease, whether or not language of non-limitation, such as "without limitation" or similar words, are used. Unless otherwise provided herein, whenever the consent of Sublandlord is required to be obtained by Subtenant hereunder, Sublandlord may give or withhold such consent in its sole and absolute discretion.

21.7. Successors and Assigns. Subject to the provisions of Section 14, the terms, covenants and conditions contained in this Sublease shall bind and inure to the benefit of Sublandlord and Subtenant and, except as otherwise provided herein, their personal representatives and successors and assigns; provided, however, that upon any transfer by Sublandlord (or by any subsequent Sublandlord) of its interest in the Premises as lessee, including any transfer by operation of Law, Sublandlord (or any subsequent Sublandlord) shall be relieved from all subsequent obligations and liabilities arising under this Sublease subsequent to such transfer.

21.8. Brokers. Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the Sublease contemplated herein. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes a claim shall be responsible for such commission or fee and shall indemnify the other party from any and all Losses incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination of this Sublease.

21.9. Severability. If any provision of this Sublease or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Sublease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other

provision of this Sublease shall be valid and be enforceable to the fullest extent permitted by Law.

21.10. Governing Law. This Sublease shall be construed and enforced in accordance with the Laws of the State of California and the federal government.

21.11. Entire Agreement. This instrument (including the exhibits hereto, which are made a part of this Sublease) contains the entire agreement between the Parties and supersedes all prior written or oral negotiations, discussions, understandings and agreements. The Parties further intend that this Sublease shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including prior drafts of this Sublease and any changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Sublease. Subtenant hereby acknowledges that neither Sublandlord nor Sublandlord's Agents have made any representations or warranties with respect to the Premises or this Sublease except as expressly set forth herein, and no rights, easements or licenses are or shall be acquired by Subtenant by implication or otherwise unless expressly set forth herein.

21.12. Attorneys' Fees. In the event that either Sublandlord or Subtenant fails to perform any of its obligations under this Sublease or in the event a dispute arises concerning the meaning or interpretation of any provision of this Sublease, the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder (whether or not such action is prosecuted to judgment), including, without limitation, court costs and reasonable attorneys' fees. For purposes of this Sublease, reasonable fees of attorneys in the Office of the San Francisco City Attorney (Sublandlord's General Counsel) shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City and County of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney. Further, for purposes of this Sublease, the term "attorneys' fees" shall mean the fees and expenses of counsel to the Parties, which may include printing, duplicating and other expenses, air freight charges, hiring of experts, and fees billed for law clerks, paralegals, librarians and others not admitted to the bar but performing services under the supervision of an attorney. The term "attorneys' fees" shall also include, without limitation, all such fees and expenses incurred with respect to appeals, mediations, arbitrations, and bankruptcy proceedings, and whether or not any action is brought with respect to the matter for which such fees and costs were incurred. The term "attorney" shall have the same meaning as the term "counsel".

21.13. Time of Essence. Time is of the essence with respect to all provisions of this Sublease in which a definite time for performance is specified.

21.14. Cumulative Remedies. All rights and remedies of either party hereto set forth in this Sublease shall be cumulative, except as may otherwise be provided herein.

21.15. **Survival of Indemnities.** Termination of this Sublease shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Sublease, nor shall it affect any provision of this Sublease that expressly states it shall survive termination hereof. Subtenant specifically acknowledges and agrees that, with respect to each of the indemnities contained in this Sublease, Subtenant has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within the indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter.

21.16. **Relationship of Parties.** Sublandlord is not, and none of the provisions in this Sublease shall be deemed to render Sublandlord, a partner in Subtenant's business, or joint venturer or member in any joint enterprise with Subtenant. This Sublease is not intended nor shall it be construed to create any third party beneficiary rights in any third party, unless otherwise expressly provided. The granting of this Sublease by Sublandlord does not constitute authorization or approval by Sublandlord of any activity conducted by Subtenant on, in or relating to the Premises.

21.17. **Recording.** Subtenant agrees that it shall not record this Sublease nor any memorandum or short form hereof in the official records of any county.

21.18. **Non-Liability of Indemnified Parties' Officials, Employees and Agents.** No elective or appointive board, commission, member, officer or employee of any of the Indemnified Parties shall be personally liable to Subtenant, its successors and assigns, in the event of any default or breach by Sublandlord or for any amount which may become due to Subtenant, its successors and assigns, or for any obligation of Sublandlord under this Sublease.

21.19. **No Discrimination.** Subtenant shall comply with the non-discrimination provisions of Section 19.1 of the Master Lease, including, without limitation, posting all notices required therein.

21.20. **Counterparts.** This Sublease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

21.21. **Master Landlord's Consent.** This Sublease is expressly conditioned upon receipt of the written consent of Master Landlord.

22. SPECIAL PROVISIONS

22.1. **Signs.** Subtenant agrees that it will not erect or maintain, or permit to be erected or maintained, any signs, notices or graphics upon or about the Premises which are visible in or

from public corridors or other portions of any common areas of the Premises or from the exterior of the Premises, without Sublandlord's prior written consent, which Sublandlord may withhold or grant in its sole discretion.

22.2. Public Transit Information. Subtenant shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Subtenant employed on the Premises, including, without limitation, the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Premises and encouraging use of such facilities, all at Subtenant's sole expense.

22.3. TIHDI Job Broker. Subtenant shall comply with the requirements of the TIHDI Work Force Hiring Plan attached hereto as Exhibit F.

22.4. Local Hiring. Subtenant further agrees to use good faith efforts to hire residents of the City and County of San Francisco at all levels of Subtenant's personnel needs and to contract with local businesses for Subtenant's purchase of supplies, materials, equipment or services.

22.5. Non-Discrimination in City Contracts and Benefits Ordinance.

(a) **Covenant Not to Discriminate.** In the performance of this Sublease, Subtenant covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, weight, height or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with, Subtenant in any of Subtenant's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Subtenant.

(b) **Sub-Subleases and Other Subcontracts.** Subtenant shall include in all sub-subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to such sub-subtenant or other subcontractor in substantially the form of subsection (a) above. In addition, Subtenant shall incorporate by reference in all sub-subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all sub-subtenants and other subcontractors to comply with such provisions. Subtenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Sublease.

(c) **Non-Discrimination in Benefits.** Subtenant does not as of the date of this Sublease and will not during the Term, in any of its operations or in San Francisco or with respect to its operations under this Sublease elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership

discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) **HRC Form.** As a condition to this Sublease, Subtenant shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission (the "HRC"). Subtenant hereby represents that prior to execution of this Sublease, (i) Subtenant executed and submitted to the HRC Form HRC-128-101 with supporting documentation; and (ii) the HRC approved such form.

(e) **Incorporation of Administrative Code Provisions by Reference.** The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Subtenant shall comply fully with and be bound by all of the provisions that apply to this Sublease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Subtenant understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of Fifty Dollars (\$50.00) for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Sublease may be assessed against Subtenant and/or deducted from any payments due Subtenant.

22.6. MacBride Principles - Northern Ireland. The City urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, *et seq.* The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Subtenant acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

22.7. Tropical Hardwood and Virgin Redwood Ban. The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood product. Except as expressly permitted by the application of Section 802(b) and 803(b) of the San Francisco Environment Code, Subtenant shall not provide any items to the construction of tenant improvements or Alterations in the Premises, or otherwise in the performance of this Sublease, which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. In the event Subtenant fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Subtenant shall be liable for liquidated damages for each violation

in an amount equal to Subtenant's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater.

22.8. Conflicts of Interest. Subtenant states that it is familiar with the provisions of Section 8.105 and 8.106 of the San Francisco Charter and certifies that it knows of no facts which would constitute a violation of such provisions. Subtenant further certifies that it has made a complete disclosure to the Sublandlord of all facts bearing on any possible interests, direct or indirect, which Subtenant believes any officer or employee of the Sublandlord presently has or will have in this Sublease or in the performance thereof or in any portion of the profits thereof. Willful failure by Subtenant to make such disclosure, if any, shall constitute grounds for the Sublandlord's termination and cancellation of this Sublease.

22.9. Wages and Working Conditions. Subtenant agrees that any person performing labor in the construction of any tenant improvements and any Alterations to the Premises, which Subtenant provides under this Sublease, shall be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Subtenant shall include, in any contract for construction of such tenant improvements and Alterations, a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Subtenant shall require any contractor to provide, and shall deliver to Sublandlord upon request, certified payroll reports with respect to all persons performing labor in the construction of such tenant improvement work or any Alterations to the Premises.

22.10. Prohibition of Tobacco Advertising. Subtenant acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of Sublandlord or the City, including the Premises and the Property. This prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This prohibition does not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

22.11. Pesticide Prohibition. Subtenant shall comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "Pesticide Ordinance") which (i) prohibit the use of certain pesticides on City property, (ii) require the posting of certain notices and the maintenance of certain records regarding pesticide usage and (iii) require Subtenant to submit to Sublandlord an integrated pest management ("IPM") plan that (a) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Subtenant may need to apply to the Premises during the terms of this Sublease, (b) describes the steps Subtenant will take to meet the City's IPM Policy described in Section 300 of the Pesticide Ordinance and (c) identifies, by name, title, address and telephone number, an individual to act as Subtenant's primary IPM

contact person with the City. In addition, Subtenant shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance.

22.12. First Source Hiring Ordinance. The City has adopted a First Source Hiring Ordinance (Board of Supervisors Ordinance No. 264 98) which establishes specific requirements, procedures and monitoring for first source hiring of qualified economically disadvantaged individuals for entry level positions. Within thirty (30) days after Sublandlord adopts a First Source Hiring Implementation and Monitoring Plan in accordance with the First Source Hiring Ordinance, Subtenant shall enter into a First Source Hiring Agreement that meets the applicable requirements of Section 83.9 of the First Source Hiring Ordinance.

22.13. Sunshine Ordinance. In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between City departments and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

22.14. Conflicts of Interest. Through its execution of this Sublease, Subtenant acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provisions, and agrees that if Subtenant becomes aware of any such fact during the Term of this Sublease, Subtenant shall immediately notify Sublandlord.

22.15. Charter Provision. This Sublease is governed by and subject to the provisions of the Charter of the City and County of San Francisco.

22.16. Requiring Health Benefits for Covered Employees. Unless exempt, Subtenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Sublease as though fully set forth. The text of the HCAO is available on the web at www.dph.sf.ca.us/HCRes/Resolutions/2004Res/HCRes102004.shtml. Capitalized terms used in this Section and not defined in this Sublease shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee, Subtenant shall provide the appropriate health benefit set

forth in Section 12Q.3 of the HCAO. If Subtenant chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(b) Notwithstanding the above, if Subtenant is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with Subsection (a) above.

(c) Subtenant's failure to comply with the HCAO shall constitute a material breach of this Sublease. Sublandlord shall notify Subtenant if such a breach has occurred. If, within thirty (30) days after receiving City's written notice of a breach of this Sublease for violating the HCAO, Subtenant fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Subtenant fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, Sublandlord shall have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to Sublandlord.

(d) Any Subcontract entered into by Subtenant shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Subtenant shall notify City's Purchasing Department when it enters into such a Subcontract and shall certify to the Purchasing Department that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Subtenant shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the Sublandlord may pursue the remedies set forth in this Section against Subtenant based on the Subcontractor's failure to comply, provided that Sublandlord has first provided Subtenant with notice and an opportunity to obtain a cure of the violation.

(e) Subtenant shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying Sublandlord with regard to Subtenant's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(f) Subtenant represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(g) Subtenant shall keep itself informed of the current requirements of the HCAO.

(h) Subtenant shall provide reports to Sublandlord in accordance with any reporting standards promulgated by Sublandlord under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

(i) Subtenant shall provide Sublandlord with access to records pertaining to compliance with

the HCAO after receiving a written request from Sublandlord to do so and being provided at least five (5) business days to respond.

(j) Sublandlord may conduct random audits of Subtenant to ascertain its compliance with HCAO. Subtenant agrees to cooperate with Sublandlord when it conducts such audits.

(k) If Subtenant is exempt from the HCAO when this Sublease is executed because its amount is less than Twenty-Five Thousand Dollars (\$25,000) (or [Fifty Thousand Dollars (\$50,000) if Subtenant is a qualified nonprofit], but Subtenant later enters into an agreement or agreements that cause Subtenant's aggregate amount of all agreements with Sublandlord to reach Seventy-Five Thousand Dollars (\$75,000), all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Subtenant and the Contracting Department to be equal to or greater than Seventy-Five Thousand Dollars (\$75,000) in the fiscal year.

22.17. Notification of Limitations on Contributions. Through its execution of this Sublease, Subtenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for such contract until the termination of negotiations for such contract or three (3) months has elapsed from the date the contract is approved by the City elective officer, or the board on which that City elective officer serves. San Francisco Ethics Commission Regulation 1.126-1 provides that negotiations are commenced when a prospective contractor first communicates with a City officer or employee about the possibility of obtaining a specific contract. This communication may occur in person, by telephone or in writing, and may be initiated by the prospective contractor or a City officer or employee. Negotiations are completed when a contract is finalized and signed by the City and the contractor. Negotiations are terminated when the City and/or the prospective contractor end the negotiation process before a final decision is made to award the contract.

22.18. Preservative-Treated Wood Containing Arsenic. As of July 1, 2003, Subtenant may not purchase preservative-treated wood products containing arsenic in the performance of this Sublease unless an exemption from the requirements of Environment Code Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Subtenant may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment. This provision does not preclude Subtenant from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term

"saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

22.19. Resource Efficient City Buildings and Pilot Projects. Subtenant acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 707 relating to resource-efficient City buildings and resource-efficient pilot projects. Subtenant hereby agrees that it shall comply with all applicable provisions of such code sections.

22.20. Food Service Waste Reduction. Subtenant agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Sublease as though fully set forth. This provision is a material term of this Sublease. By entering into this Sublease, Subtenant agrees that if it breaches this provision, Sublandlord will suffer actual damages that will be impractical or extremely difficult to determine; further, Subtenant agrees that the sum of One Hundred Dollars (\$100.00) liquidated damages for the first breach, Two Hundred Dollars (\$200.00) liquidated damages for the second breach in the same year, and Five Hundred Dollars (\$500.00) liquidated damages for subsequent breaches in the same year is a reasonable estimate of the damage that Sublandlord will incur based on the violation, established in light of the circumstances existing at the time this Sublease was made. Such amounts shall not be considered a penalty, but rather agreed monetary damages sustained by Sublandlord because of Subtenant's failure to comply with this provision.

22.21. Estoppel Certificates. At any time and from time to time, within ten (10) days after Sublandlord's request, Subtenant will execute, acknowledge and deliver to Sublandlord a statement certifying the following matters: (a) the Commencement Date and Expiration Date of this Sublease; (b) that this Sublease is unmodified and in full force and effect (or if there have been modifications, that this Sublease is in full force and effect as modified and the date and nature of such modifications); (c) the dates to which the Rent has been paid; (d) that there are no Events of Default under this Sublease (or if there are any Events of Default, the nature of such Event of Default); and (e) any other matters reasonably requested by Sublandlord. Sublandlord and Subtenant intend that any such statement delivered pursuant to this paragraph may be relied upon by any assignee of Sublandlord's interest in the Master Lease or this Sublease, any mortgagee or any purchaser or prospective purchaser of the building or land on which the Premises are located. Subtenant irrevocably appoints Sublandlord, as Subtenant's agent, to execute and deliver in the name of Sublandlord any such instrument if Subtenant fails to do so, which failure shall also be an Event of Default under this Sublease.

Sublandlord and Subtenant have executed this Sublease in triplicate as of the date first written above.

SUBTENANT:

**Delancey Street Foundation,
a California non-profit corporation**

By: _____

Name: _____

Title: _____

Date: _____

SUBLANDLORD:

Treasure Island Development Authority

By: _____

Mirian Saez

Director of Island Operations

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____

Deputy City Attorney

EXHIBIT A

LAND AND STRUCTURES MASTER LEASE

EXHIBIT B

DIAGRAM OF PREMISES

EXHIBIT C

COVER PAGE OF THE SEISMIC REPORT

EXHIBIT D

RULES AND REGULATIONS

1. All rules and regulations set out in the Master Lease shall prevail.
2. No signs, advertisements, or notices shall be attached to, or placed on, the exterior or interior of the Building or elsewhere on the Property, without prior written approval of Sublandlord.
3. Subtenant's contractors and invitees, while on the Premises or Subtenant's parking area, shall be subject to these Rules and Regulations, and will be subject to direction from Sublandlord and its agents, but will not be an agent or contractor of the Sublandlord or its agents. Subtenant's contractors shall be licensed by the State, insured and bonded at the amount requested by the Sublandlord.
4. Subtenant shall install and maintain at Subtenant's expense, any life safety equipment required by governmental rules, regulations or laws to be kept on the Premises.

EXHIBIT E

STANDARD UTILITIES AND SERVICES AND RATES

Utilities Rate Schedule

<u>Utility Service</u>	<u>Rate</u>	<u>Unit</u>
Electric Rate	\$ 0.14	per kwh
Water Rate	\$ 5.40	per kgal
Sewer Rate	\$ 5.75	per kgal
Gas Rate	\$ 0.60	per therm

Rates are subject to adjustment.

Subtenant shall install utility Submeters to the satisfaction of Sublandlord.

Subtenant shall arrange for delivery of utility services to the premises by making a "Request for Utilities Services" by contacting:

San Francisco Public Utilities Commission
c/o Treasure Island Development Authority
410 Avenue of the Palms
Treasure Island
San Francisco, CA. 94130
Attn: Mr. Vic Zorzinsky
(415) 274-0333

EXHIBIT F

TIHDI WORKFORCE HIRING AGREEMENT

ADDENDUM TO SUBLEASE

This Addendum to Sublease is dated as of December 1, 2007, between the Treasure Island Development Authority ("Sublandlord"), and Delancey Street Foundation ("Subtenant"), relating to certain premises described in the Sublease.

This Addendum supersedes and replaces the terms of the Sublease to which it is attached to the extent of any inconsistency between the Sublease and this Addendum. All capitalized terms used in this Addendum and not defined herein shall have the meanings set forth in the Sublease.

Sublandlord and Subtenant agree as follows:

1. **Amendment of Section 8.4.** Sublease Section 8.4 (Subtenant's Personal Property) is hereby amended by adding the following at the end of Section 8.4:

"The following is an inventory of Subtenant's Personal Property located at the Premises as of the Effective Date of this Sublease:

Morning Meeting Auditorium Room:
6 stage lights

Kitchen near lobby:
1 refrigerator, 1 dishwasher, 1 under-cabinet hot water heater, 1 stove

Kitchen:
1 dishwasher & steel table, 1 large steel sink unit, 7 wall-mounted wire shelf units, 1 steel hood, 3 wall-mounted towel dispensers, 2 wall-mounted soap dispensers

Boys and Girls Locker Rooms:
36 double locker units, 2 floor-mounted benches

Back Boys and Girls Bathrooms:
2 wall-mounted towel dispensers

Back Teacher Office & Bathroom:
1 wall-mounted towel dispenser

Art Room:
1 wall-mounted towel dispenser

Library:
11 tall wood bookshelf units

Lobby Office:
6 wall cabinets

Bike Shop:
Several wall-mounted shelf units

Tool Storage Room:
2 wall-mounted shelf units

Garden & Greenhouse:
3 storage sheds and many planter boxes
Several greenhouse workbenches

Sublandlord and Subtenant have executed this Addendum to Sublease in triplicate as of the date first written above.

SUBTENANT:

Delancey Street Foundation

By: _____
Name: _____
Title: _____

SUBLANDLORD:

Treasure Island Development Authority

By: _____
Mirian Saez
Director of Island Operations

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____
Deputy City Attorney



AGENDA ITEM 8C
Treasure Island Development Authority
City and County of San Francisco
Meeting of November 12, 2008

Subject: Resolution Approving and Authorizing the Execution of a Sublease with the Treasure Island Homeless Development Initiative, a California nonprofit corporation, Toolworks, a California nonprofit corporation, and Wine Valley, Inc., a California corporation, for Parcel A: Casa de la Vista; Parcel B: Building 265 (the Library); Parcel C: The Chapel; Parcel D: Fogwatch Picnic Area; Parcel E: Lobby of the Main Administration Building (Building 1); and Parcel F: Pavilion By The Bay, Treasure Island

Contact: Richard A. Rovetti, Deputy Director of Real Estate

Phone: 415-274-3365

BACKGROUND

For over one year, the Treasure Island Homeless Development Initiative, a California nonprofit corporation ("TIHDI"), Toolworks, a California nonprofit corporation, and Wine Valley, Inc., a California corporation doing business as Wine Valley Catering (hereafter collectively referred to as the Joint Venture ("JV")), have been involved in a pilot program for the management of events at four locations on Treasure Island, namely the Casa de la Vista, the Library, the Chapel, and the Lobby of the Main Administration Building.

The JV pilot program was formulated in furtherance of the Base Closure Homeless Assistance Agreement and Option to Lease Property (the "Homeless Assistance Agreement") for Treasure Island. Federal base closure law applicable to Treasure Island requires that the Local Reuse Authority for a closed military base propose a plan for using base resources to assist homeless persons as part of the strategic land use plan for development outlined in the Reuse Plan for the base. The Homeless Assistance Agreement was negotiated with TIHDI and included as part of the Reuse Plan for Treasure Island that the United States Department of Housing and Urban Development approved on November 26, 1996.

One element of the Homeless Assistance Agreement provides TIHDI with the exclusive right to propose programs for the utilization of three economic development opportunities, which may include the lease of sites to TIHDI member organizations for the operation of business enterprises. The Homeless Assistance Agreement specifically provides that TIHDI member organizations may act in concert with a joint venturer to provide sufficient experience and organizational capability on the part of the member organizations. TIHDI formed the JV with Toolworks, a TIHDI member organization, and Wine Valley Catering, a private firm that TIHDI selected for its expertise in the catering component of the pilot program.

The goals of the pilot program were to increase economic development of Treasure Island and provide employment and job training for homeless, at risk and/or disabled residents of Treasure

Island and San Francisco, while increasing event rental revenues for the Treasure Island Development Authority (the "Authority"). The JV has successfully accomplished these goals.

The pilot program began on October 1, 2007 and is scheduled to end November 30, 2008. The JV has exceeded all expectations in bookings for special events on Treasure Island, and has successfully provided employment and job training opportunities. The JV has steadily increased event rentals for the Authority while unilaterally decreasing the Authority's operating expenses to manage, market, and operate these facilities. The Authority projects to realize a cost savings of approximately \$235,000 per year through the establishment of the JV. This number is comprised of a reduction in staff, utility, janitorial, and marketing expenses. Not only has the Authority been able to reduce overhead costs while increasing revenues, the creation of the JV concept has allowed Authority Staff to concentrate and focus on the day to day management and operation of the Island as a whole resulting in an increase in commercial revenues and better customer service for both residential and commercial tenants.

Prior to the establishment of the JV, the Authority through its internal Special Events Coordinator, booked 166 events at the Casa de la Vista, the Chapel, and Building One for the period from December 1, 2006 to November 30, 2008. Since the establishment of the JV, the JV has secured 159 event bookings of these facilities, along with another 66 bookings of the newly renovated Library Event Center and 18 bookings of the Pavilion By The Bay, totaling 243 event sales, for the period from October 1, 2007 through December 31, 2009. The JV has outperformed prior event sales, providing the Authority with \$420,700.00 in event fees; it has provided 28 employment opportunities and training for TIHDI participants; and it has provided the Authority with a three percent (3%) commission of gross food sales totaling \$23,407.93 for the initial pilot period.

Although the current economic environment is at a decline, the JV has successfully been able to sustain venue sales through effective marketing and promotional programs. The Authority expects to be affected in some part by the current economic crises; however, forecasts for fiscal year 2008/2009 suggest no significant decline in the Authority's venue sales. In fact, the JV has booked all Saturday rentals and most of the weekend rentals at the Casa de la Vista through October 2009.

The JV is now requesting that the Authority enter into a new Sublease for Parcel A: Casa de la Vista; Parcel B: The Library; Parcel C: The Chapel; Parcel D: Fogwatch Picnic Area; Parcel E: Lobby of the Main Administration Building; and Parcel F: Pavilion By The Bay, including the exclusive right to market, operate, and manage these facilities for the purpose of operating special events. The JV will assume all responsibility for all associated expenses including marketing, utilities, and janitorial of these facilities. The JV will also be responsible for maintenance of the kitchen, flooring and fixtures as they relate to Casa de la Vista and the Library. The Authority will be responsible for routine maintenance, landscaping and non-structural repair obligations to these facilities excluding the previously mentioned items relating to the Casa de la Vista and the Library.

In consideration of the marketing and promotional event programs provided by the JV, the JV will pay Base Rent based on the number of venue rentals. Therefore, from the period of

December 1, 2008 to November 30, 2009, the JV will pay Base Rent as follows: Parcel A: \$3,900.00 per day for each Friday, Saturday, Sunday and Holiday event rental, and \$1,950.00 per day for each Monday, Tuesday, Wednesday, and Thursday event rental, of the Casa de la Vista; Parcel B: \$2,000.00 per day for each Friday, Saturday, Sunday and Holiday event rental, and \$1,000.00 per day for each Monday, Tuesday, Wednesday, and Thursday event rental, of the Library; Parcel C: \$700.00 per day for each event rental with catering services, and \$1,500.00 per day for each event rental without catering services, of the Chapel; Parcel D: \$500.00 per each day of event rental of the Fogwatch Picnic Area; and Parcel E: \$3,000.00 per day for each Friday, Saturday, Sunday and Holiday event rental, and \$2,000.00 per day for each Monday, Tuesday, Wednesday, and Thursday event rental, of Building One; and Parcel F: \$600.00 per day of event rental for the Pavilion By The Bay. These event fees will be incorporated into the "Treasure Island Development Authority Event Venue Rate Schedule" as approved by the Authority Board of Directors and attached to the Sublease as an exhibit. The Rate Schedule includes a 20% discount on venue and catering fees for verifiable 501(c)(3) nonprofit entities, Island residents, active City and County of San Francisco employees, and active military and veterans, and the Base Rent payable to the Authority will be reduced by the amount of any such discounts.

In addition to Base Rent as outlined above, the Authority will receive percentage rent equal to three percent (3%) of Gross Food and Beverage Sales Revenues. "Gross Food and Beverage Sales Revenues" means the total revenues received by the JV or Wine Valley Catering from all food and beverage service provided in, upon or from any venues on Treasure Island or Yerba Buena Island, including, but not limited to, the Premises, but specifically excluding Parcel F: Pavilion By The Bay, and shall include any credit sales, gift certificates or other prepayments and any catering buyout fees.

Consistent with other subleases for Treasure Island, the JV Sublease will be for a month to month term expiring on November 30, 2009. Any Sublease extensions will be subject to Authority Board approval in its sole and absolute discretion.

The Casa de la Vista, the Chapel, Fogwatch picnic area, Pavilion By The Bay and surrounding areas are in the first phase of the redevelopment. According to the Office of Joint Development, a reasonable time period under which the Authority can use this area on an interim basis for special events is in the range of 2-3 years. The current schedule under the Exclusive Negotiating Agreement with Treasure Island Community Development, LLC shows project approvals by December 31, 2009 and infrastructure construction could begin as early as July 2010.

SUBLEASE TERMS AND CONDITIONS

The JV will sign the Authority's Sublease document. The salient terms and conditions of the proposed Sublease include the following:

Premises: Parcel A: Casa de la Vista; Parcel B: The Library; Parcel C: The Chapel; Parcel D: Fogwatch Picnic Area; Parcel E: Lobby of the Main Administration Building; and Parcel F: Pavilion By The Bay

Location: Treasure Island

Commencement Date: December 1, 2008

**Lease Expiration
Date:** November 30, 2009

Lease Term: Month-to-Month

Base Rent: Parcel A: \$3,900 per day for each Friday, Saturday, Sunday and Holiday event rental, and \$1,950 per day for each Monday, Tuesday, Wednesday, and Thursday event rental, of the Casa de la Vista; Parcel B: \$2,000 per day for each Friday, Saturday, Sunday and Holiday event rental, and \$1,000 per day for each Monday, Tuesday, Wednesday, and Thursday event rental, of the Library; Parcel C: \$700.00 per day for each event rental with catering services, and \$1,500.00 per day for each event rental without catering services, of the Chapel; Parcel D: \$500.00 per day for each day of event rental of the Fogwatch Picnic Area; Parcel E: \$3,000 per day for each Friday, Saturday, Sunday and Holiday event rental, and \$2,000 per day for each Monday, Tuesday, Wednesday, and Thursday event rental, of Building One; and Parcel F: \$600 per day for each day of event rental for the Pavilion By The Bay. Base Rent shall be reduced by the amount of any discounts given to eligible organizations or persons in accordance with the approved Treasure Island Development Authority Event Rate Schedule attached to the Sublease.

Use: Marketing, managing, and catering of the Premises for special events only and for no other purpose.

The JV will have the exclusive right to provide catering services at the Premises, subject to a "buy out" provision in accordance with a fee schedule approved by the Authority.

Security Deposit: \$1,000.00

RECOMMENDATION

The Authority Staff recommends that the Authority Board of Directors approve the proposed Sublease with the Treasure Island Homeless Development Initiative, a California nonprofit corporation, Toolworks, a California nonprofit corporation, and Wine Valley, Inc., a California corporation, and authorize the Director of Island Operations or her designee to execute said Sublease for the rental of Parcel A: Casa de la Vista; Parcel B: The Library; Parcel C: The Chapel; Parcel D: Fogwatch Picnic Area; Parcel E: Lobby of the Main Administration Building;

and Parcel F: Pavilion By The Bay, on Treasure Island for a month-to-month term and subject to the additional terms and conditions set forth above.

EXHIBIT A – Sublease between the Treasure Island Development Authority and the Treasure Island Homeless Development Initiative, a California nonprofit corporation, Toolworks, a California nonprofit corporation, and Wine Valley, Inc., a California corporation

Prepared by: Richard A. Rovetti, Deputy Director of Real Estate
For: Mirian Saez, Director of Island Operations

[Sublease for Casa de la Vista, The Library), The Chapel, Fogwatch Picnic Area, Lobby of the Main Administration Building, and Pavilion By The Bay, Treasure Island]

Resolution Approving and Authorizing the Execution of a Sublease with the Treasure Island Homeless Development Initiative, a California nonprofit corporation, Toolworks, a California nonprofit corporation, and Wine Valley, Inc., a California corporation, for Parcel A: Casa de la Vista; Parcel B: The Library; Parcel C: The Chapel; Parcel D: Fogwatch Picnic Area; Parcel E: Lobby of the Main Administration Building; and Parcel F: Pavilion By The Bay, Treasure Island.

WHEREAS, Former Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United States of America, acting by and through the Department of the Navy (the "Navy"); and,

WHEREAS, The Base was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco (the "City"); and,

WHEREAS, At its October 10, 2007 meeting, the Authority Board adopted Resolution 07-79-10/10 granting approval of a twelve month Event Venues Management Agreement and Use Permit (the "Use Permit") to The Treasure Island Homeless Development Initiative, a California nonprofit corporation ("TIHDI"), Toolworks, a California nonprofit corporation, and

Wine Valley, Inc., a California corporation doing business as Wine Valley Catering (hereafter collectively referred to as the "JV"), for a pilot program, in furtherance of the Homeless Assistance Agreement between TIHDI and the Authority, for the JV's management of events at three (3) locations on Treasure Island, namely the Chapel, Casa de la Vista and the lobby of the Administration Building; and,

WHEREAS, At its February 13, 2008 meeting, the Authority Board adopted Resolution 08-03-02/13 approving the First Amendment to Event Venues Management Agreement and Use Permit to revise the fees payable under the Use Permit; and,

WHEREAS, At its July 9, 2008 meeting, the Authority Board adopted Resolution 08-41-07/09 approving the Second Amendment to Event Venues Management Agreement and Use Permit to extend the term of the Use Permit to November 30, 2008 and to include in the Premises The Library as a special event venue; and,

WHEREAS, The JV has exceeded expectations in bookings for special events on Treasure Island, and has successfully provided employment and job training for homeless, at risk and/or disabled residents while increasing event rental revenues for the Treasure Island Development Authority; and,

WHEREAS, The JV proposes and Authority Staff recommends entering into a new Sublease for Parcel A: Casa de la Vista; Parcel B: The Library; Parcel C: The Chapel; Parcel D: Fogwatch Picnic Area; Parcel E: Lobby of the Main Administration Building; and Parcel F: Pavilion By The Bay, including the exclusive right to market, operate, and manage these facilities for the purpose of operating special events; and,

WHEREAS, The JV will assume all responsibility for all associated expenses including marketing, utilities, and janitorial of these facilities as well as the maintenance of the kitchen, flooring and fixtures as they relate to Casa de la Vista and the Library; and,

WHEREAS, The JV will pay Base Rent based on the number of venue rentals as follows: Parcel A: \$3,900.00 per day for each Friday, Saturday, Sunday and Holiday event rental, and \$1,950.00 per day for each Monday, Tuesday, Wednesday, and Thursday event rental, of the Casa de la Vista; Parcel B: \$2,000.00 per day for each Friday, Saturday, Sunday and Holiday event rental, and \$1,000.00 per day for each Monday, Tuesday, Wednesday, and Thursday event rental, of the Library; Parcel C: \$700.00 per day for each event rental with catering services, and \$1,500.00 per day for each event rental without catering services, of the Chapel; Parcel D: \$500.00 per each day of event rental of the Fogwatch Picnic Area; and Parcel E: \$3,000.00 per day for each Friday, Saturday, Sunday and Holiday event rental, and \$2,000.00 per day for each Monday, Tuesday, Wednesday, and Thursday event rental, of Building One; and Parcel F: \$600.00 per day of event rental for the Pavilion By The Bay; and,

WHEREAS, All verifiable 501(c)(3) nonprofit entities, Island residents, active City and County of San Francisco employees, and active military and veterans will receive a twenty percent (20%) discount on venue and catering fees, and the Base Rent payable to the Authority will be reduced by the discount; and,

WHEREAS, In addition to Base Rent, the Authority will receive percentage rent equal to three percent (3%) of Gross Food and Beverage Sales Revenues received by the JV or Wine Valley Catering from all food and beverage service provided in, upon or from any venues on Treasure Island or Yerba Buena Island, including, but not limited to, the Premises, but specifically excluding Parcel F: Pavilion By The Bay, and shall include any credit sales, gift certificates or other prepayments and any catering buyout fees; now, therefore, be it

RESOLVED, That the Board of Directors hereby approves the Sublease with the Treasure Island Homeless Development Initiative, a California nonprofit corporation, Toolworks, a California nonprofit corporation, and Wine Valley, Inc., a California corporation, for Parcel A: Casa de la Vista; Parcel B: The Library; Parcel C: The Chapel; Parcel D:

Fogwatch Picnic Area; Parcel E: Lobby of the Main Administration Building; and Parcel F: Pavilion By The Bay, and authorizes the Director of Island Operations or her designee to execute said Sublease in substantially the form attached hereto as Exhibit A; and be it

FURTHER RESOLVED, That the Board of Directors hereby finds that (i) entering into the Sublease will serve the goals of the Authority and the public interests of the City, and (ii) the terms and conditions of the Sublease are economically reasonable; and be it

FURTHER RESOLVED, That the Board of Directors hereby authorizes the Director of Island Operations to enter into any additions, amendments or other modifications to the Sublease that the Director of Island Operations determines in consultation with the City Attorney are in the best interests of the Authority, that do not materially increase the obligations or liabilities of the Authority, that do not materially reduce the rights of the Authority, and are necessary or advisable to complete the preparation and approval of the Sublease, such determination to be conclusively evidenced by the execution and delivery by the Director of Island Operations of the documents and any amendments thereto.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on November 12, 2008.

John Elberling, Secretary

ITEM 8C EXHIBIT A

SUBLEASE No. 98

between

TREASURE ISLAND DEVELOPMENT AUTHORITY

as Sublandlord

and

THE JOINT VENTURE:

TREASURE ISLAND HOMELESS DEVELOPMENT INITIATIVE,

a California nonprofit corporation,

TOOLWORKS,

a California nonprofit corporation, and

WINE VALLEY, INC.,

a California corporation

as Subtenant

For the Sublease of

Casa de la Vista, The Library, The Chapel, Fogwatch Picnic Area,
the Lobby of the Main Administration Building, and the Pavilion By The Bay

Treasure Island Naval Station
San Francisco, California

December 1, 2008

TREASURE ISLAND SUBLEASE

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LIST OF EXHIBITS:

EXHIBIT A – Master Lease

EXHIBIT B – Diagram of Premises

EXHIBIT C – Cover Page of Seismic Report

EXHIBIT D – Rules and Regulations

EXHIBIT D1 – Rules and Regulations

EXHIBIT E – Utilities

EXHIBIT F – TIHDI Work Force Hiring Plan

EXHIBIT G – Treasure Island Development Authority Event Venue Rate Schedule

ADDENDUM TO SUBLEASE

TREASURE ISLAND SUBLEASE

THIS SUBLEASE (the "Sublease"), dated for reference purposes only as of December 1, 2008, is by and between the TREASURE ISLAND DEVELOPMENT AUTHORITY, a California public benefit corporation ("Sublandlord"), the TREASURE ISLAND HOMELESS DEVELOPMENT INITIATIVE, a California nonprofit corporation ("TIHDI"), TOOLWORKS, a California nonprofit corporation ("Toolworks"), and WINE VALLEY, INC., a California corporation doing business as Wine Valley Catering ("Wine Valley"). TIHDI, Toolworks and Wine Valley are collectively referred to in this Sublease as "Subtenant". From time to time, Sublandlord and Subtenant together shall be referred to herein as the "Parties".

This Sublease is made with reference to the following facts and circumstances:

WHEREAS, pursuant to that certain Lease for Event Venues Naval Station Treasure Island dated September 4, 1998 (the "Event Venues Master Lease"), by and between Sublandlord and the Department of Navy (the "Navy"), and that certain Lease for the South Waterfront Area Naval Station Treasure Island dated September 4, 1998 (the "South Waterfront Master Lease"), by and between Sublandlord and the Navy, copies of which are attached hereto as Exhibit A, Sublandlord has the right to use that certain property located on former Naval Station Treasure Island (the "Property"), as more particularly described in the Event Venues Master Lease and the South Waterfront Master Lease, which are hereinafter collectively referred to as the "Master Lease"; and

WHEREAS, the Property is a former military base that was selected for closure and disposition by the Base Realignment and Closure Commission in 1993; and

WHEREAS, on November 26, 1996, the United States Department of Housing and Urban Development approved the Base Closure Homeless Assistance Agreement and Option to Lease Real Property (the "Homeless Assistance Agreement"), which was drafted as an element of the City of San Francisco's election, as the Local Reuse Authority, to comply with the conditions of the Base Closure, Community Redevelopment and Homeless Assistance Act of 1994 (the "Act"); and

WHEREAS, the Act requires the Local Reuse Authority to propose a plan for using base resources to assist homeless persons; and

WHEREAS, among other things, one element of the plan described in the Homeless Assistance Agreement provides TIHDI with the exclusive right to propose programs for the utilization of three (3) economic development opportunities, which may include the lease of sites to TIHDI member organizations for use as a multi-purpose conference center, a wedding chapel, meeting rooms and catering, on the condition that member organizations operate the particular enterprise; and

WHEREAS, Toolworks is a TIHDI member organization; and

WHEREAS, the Homeless Assistance Agreement specifically provides that TIHDI member organizations may act in concert with a joint venturer to provide sufficient experience and organizational capability on the part of the member organization; and

WHEREAS, TIHDI submitted a proposal to Sublandlord, as the successor Local Reuse Authority, for the sublease, management and marketing of certain special event venues on the Property; and

WHEREAS, the special events will be managed by Subtenant, which is a joint venture among TIHDI, Toolworks and Wine Valley, a private firm, which was formed to manage events on the Property to increase economic development of the Property and provide employment and job training for homeless, at risk and/or disabled residents of the Property and San Francisco, while increasing event rental revenues Sublandlord; and

WHEREAS, Subtenant desires to sublet from Sublandlord, and Sublandlord is willing to sublet to Subtenant, a portion of the Property on the terms and conditions contained in this Sublease.

NOW THEREFORE, Sublandlord and Subtenant hereby agree as follows:

1. BASIC SUBLEASE INFORMATION

The following is a summary of basic sublease information (the "Basic Sublease Information"). Each item below shall be deemed to incorporate all of the terms of this Sublease pertaining to such item. In the event of any conflict between the information in this Section and any more specific provision of this Sublease, the more specific provision shall control.

Sublease Reference Date:

December 1, 2008

Sublandlord:

Treasure Island Development Authority, a California public benefit corporation

Subtenant:

Collectively The JV: Treasure Island Homeless Development Initiative, a California nonprofit corporation, Toolworks, a California nonprofit corporation, and Wine Valley, Inc., a California corporation doing business as Wine Valley Catering

Subleased Premises (Section 2.1):

Parcel A: Casa de la Vista; Parcel B: The Library; Parcel C: The Chapel; Parcel D: Fogwatch Picnic Area; Parcel E: Lobby of the Main Administration Building; and Parcel F: Pavilion By The Bay, which is a temporary membrane tent that Subtenant will install on the approximately 42,750 square feet of land located between Third and Fourth Streets and Avenue of the Palms, Treasure Island, San Francisco, CA, each as more particularly shown on Exhibit B, attached hereto.

Facility:

Casa de la Vista, The Library, The Chapel, Lobby of the Main Administration Building and Pavilion By The Bay

Term: (Section 4.1):

Commencement date: December 1, 2008
Expiration date: November 30, 2009

Notwithstanding anything in this Sublease to the contrary, either Sublandlord or Subtenant, in its sole discretion, may terminate this Sublease for any reason upon delivery of not less than thirty (30) days' prior written notice to the other party. In the event either party exercises this early termination right, Subtenant shall have the obligation to perform all event management and catering services required under this Sublease with respect to those events for which applications have been approved and deposits received prior to the date of the termination notice, unless Sublandlord's termination notice specifically relieves Subtenant of any such obligations.

Base Rent (Section 5.1):

Parcel A: \$3,900 per day for each Friday, Saturday, Sunday and Holiday event rental, and \$1,950 per day for each Monday, Tuesday, Wednesday, and Thursday event rental, of the Casa de la Vista

Parcel B: \$2,000 per day for each Friday, Saturday, Sunday and Holiday event rental, and \$1,000 per day for each Monday, Tuesday, Wednesday, and Thursday event rental, of the Library

Parcel C: \$700.00 per day for each event rental with catering services, and \$1,500.00 per day for each event rental without catering services, of the Chapel

Parcel D: \$500.00 per day for each day of event rental of the Fogwatch Picnic Area

Parcel E: \$3,000 per day for each Friday, Saturday, Sunday and Holiday event rental, and \$2,000 per day for each Monday, Tuesday, Wednesday, and Thursday event rental, of the Building One Lobby

Parcel F: \$600.00 per day of event rental of the Pavilion By The Bay

Base Rent shall be reduced in accordance with any discounts provided to eligible entities and persons under the Event Venue Rate Schedule attached hereto as Exhibit G.

If the Authority, in its sole and absolute discretion, approves one or more extensions of the Sublease Term beyond November 30, 2009, then the Base Rent for Parcels A through E shall be reviewed and revised by Sublandlord on an annual basis, and the Base Rent for Parcel F (Pavilion By The Bay) shall be increased in accordance with the following schedule:

December 1, 2009 to November 30, 2010 --
\$1,625.00 per day of event rental

December 1, 2010 to November 30, 2011 --
\$1,750.00 per day of event rental

Rent Adjustment Date(s) (Section 5.2):

Not Applicable

Rent Increase Percentage (Section 5.2):

Not Applicable

Use (Section 7.1):

Marketing, managing, operating and catering of the Premises for special events only and for no other purpose. The level and quality of service provided in the management and operation of the Premises and the provision of catering services shall be first class.

The maximum number of people allowed in each venue is as follows:

Parcel A (Casa del la Vista):
180 Seated and 300 Standing

Parcel B (The Library):
230 Seated and 350 Standing

Parcel C (Chapel):
250 Seated

Parcel D (Fogwatch Picnic Area):
N/A

Parcel E (Building One Lobby):
500 Seated and 900 Standing

Parcel F (Pavilion By The Bay):
500 Seated and 1,500 Standing

Repair Amount (Section 13.1):

Ten Thousand Dollars (\$10,000)

Security Deposit (Section 19.3):

One Thousand Dollars (\$1,000.00)

Notice Address of Sublandlord (Section 21.1): Treasure Island Development Authority
Treasure Island Project Office
410 Avenue of Palms
Building 1, 2nd Floor
Treasure Island
San Francisco, CA 94130
Attn: Mirian Saez
Director of Island Operations
Fax No.: 415-274-0299

with a copy to:

Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Attn: Eileen M. Malley
Fax No.: (415) 554-4755

Notice Address of Subtenant (Section 21.1): Treasure Island Homeless Development
Initiative Suite 162, 410 Avenue of the Palms
Building One, First Floor
Treasure Island
San Francisco, CA. 94130
Attn: Sherry Williams, Executive Director
Phone No. (415) 274-0311
Fax No. (415) 834-9134

Toolworks
25 Kearny Street, Suite 400
San Francisco, CA. 941008
Attn: Steven Crabel, Executive Director
Phone No. (415) 733-0990 x617
Fax No. (415) 733-0991

Wine Valley, Inc.
875 Sousa Lane
Napa, Ca. 94559
Attn: Jack Nathanson
Phone No. (707) 256-2900
Fax No. (707) 256-2906

Notice Address of Master Landlord (Section 21.1):

Department of The Navy
Base Realignment and Closure
Program Management Office West
1455 Frazee Road, Suite 900
San Diego, CA 92108-4310
Fax #: (619) 532-9858

Other Noteworthy Provisions (Addendum to Sublease):

See Addendum to Sublease

2. PREMISES

2.1. Subleased Premises. Subject to the terms, covenants and conditions of this Sublease, Sublandlord subleases to Subtenant the Premises. Subtenant shall have the non-exclusive right to use, together with other subtenants in the Facility, the lobbies, corridors, elevators, stairways and other public areas of the Facility and the Property (collectively, the "Common Areas"), and the non-exclusive right of access to and from the Premises by the main entrances to the Facility and the Property.

In the event Subtenant uses or occupies space outside the Premises without the prior written consent of Sublandlord (the "Encroachment Area"), then upon written notice from Sublandlord ("Notice to Vacate"), Subtenant shall immediately vacate such Encroachment Area and pay as additional rent for each day Subtenant used, occupied, uses or occupies such Encroachment Area, an amount equal to the rentable square footage of the Encroachment Area, multiplied by the higher of the (a) highest rental rate then approved by Sublandlord's Board of Directors for the Premises or the Facility, or (b) then current fair market rent for such Encroachment Area, as reasonably determined by Sublandlord (the "Encroachment Area Charge"). If Subtenant uses or occupies such Encroachment Area for a fractional month, then the Encroachment Area Charge for such period shall be prorated based on a thirty (30) day month. In no event shall acceptance by Sublandlord of the Encroachment Area Charge be deemed a consent by Sublandlord to the use or occupancy of the Encroachment Area by Subtenant or a waiver (or be deemed as waiver) by Sublandlord of any and all other rights and remedies of Sublandlord under this Sublease (including Subtenant's obligation to indemnify, defend and hold Sublandlord harmless as set forth in the last paragraph of this Section 2.1), at law or in equity.

In addition to the foregoing amount, Subtenant shall pay to Sublandlord, as additional rent, an amount equaling Two Hundred Dollars (\$200.00) upon delivery of the initial Notice to Vacate plus the actual cost associated with a survey of the Encroachment Area. In the event Sublandlord determines during subsequent inspection(s) that Subtenant has failed to vacate the Encroachment Area, then Subtenant shall pay to Sublandlord, as additional rent, an amount equaling Three Hundred Dollars (\$300.00) for each additional Notice to Vacate, if applicable, delivered by Sublandlord to Subtenant following each inspection. The parties agree that the charges associated with each inspection of the Encroachment Area, delivery of each Notice to

Vacate and survey of the Encroachment Area represent a fair and reasonable estimate of the administrative cost and expense which Sublandlord will incur by reason of Sublandlord's inspection of the Premises, issuance of each Notice to Vacate and survey of the Encroachment Area. Subtenant's failure to comply with the applicable Notice to Vacate and Sublandlord's right to impose the foregoing charges shall be in addition to and not in lieu of any and all other rights and remedies of Sublandlord under this Sublease, at law or in equity. The amounts set forth in this Section 2.1 shall be due within three (3) business days following the applicable Notice to Vacate and/or separate invoice relating to the actual cost associated with a survey of the Encroachment Area.

In addition to the rights and remedies of Sublandlord as set forth in the immediately foregoing two paragraphs of this Section 2.1, the terms and conditions of the indemnity and exculpation provision set forth in Section 16 below shall also apply to Subtenant's use and occupancy of the Encroachment Area as if the Premises originally included the Encroachment Area, and Subtenant shall additionally indemnify, defend and hold Sublandlord harmless from and against any and all loss or liability resulting from delay by Subtenant in so surrendering the Encroachment Area including, without limitation, any loss or liability resulting from any claims against Sublandlord made by any tenant or prospective tenant founded on or resulting from such delay and losses to Sublandlord due to lost opportunities to lease any portion of the Encroachment Area to any such tenant or prospective tenant, together with, in each case, actual attorneys' fees and costs.

By placing their initials below, each party specifically confirms the accuracy of the statements made in this Section 2.1 and the reasonableness of the amount of the charges described in this Section 2.1.

Initials: _____ Sublandlord _____ Subtenant

2.2. As Is Condition of Premises.

(a) **Inspection of Premises.** Subtenant represents and warrants that Subtenant has conducted a thorough and diligent inspection and investigation, either independently or through its officers, directors, employees, agents, affiliates, subsidiaries, licensees and contractors, and their respective heirs, legal representatives, successors and assigns, and each of them ("Subtenant's Agents"), of the Premises and the suitability of the Premises for Subtenant's intended use. Subtenant is fully aware of the needs of its operations and has determined, based solely on its own investigation, that the Premises are suitable for its operations and intended uses. As part of its inspection of the Premises, Subtenant acknowledges its receipt and review of the Seismic Report referenced in Section 2.2(c) below and the Joint Inspection Report referenced in Section 6 of the Master Lease.

(b) **As Is; Disclaimer of Representations.** Subtenant acknowledges and agrees that the Premises are being subleased and accepted in their "AS IS, WITH ALL FAULTS" condition,

without representation or warranty of any kind, and subject to all applicable laws, statutes, ordinances, resolutions, regulations, proclamations, orders or decrees of any municipal, county, state or federal government or other governmental or regulatory authority with jurisdiction over the Premises, or any portion thereof, whether currently in effect or adopted in the future and whether or not in the contemplation of the Parties, including without limitation the orders and citations of any regulatory authority with jurisdiction over life and safety issues concerning the Premises governing the use, occupancy, management, operation and possession of the Premises ("Laws"). Without limiting the foregoing, this Sublease is made subject to any and all covenants, conditions, restrictions, easements and other title matters affecting the Premises, or any portion thereof, whether or not of record. Subtenant acknowledges and agrees that neither Sublandlord, the City and County of San Francisco ("City"), nor any of their respective officers, directors, employees, agents, affiliates, subsidiaries, licensees or contractors, or their respective heirs, legal representatives, successors and assigns ("Sublandlord's Agents") have made, and Sublandlord hereby disclaims, any representations or warranties, express or implied, concerning (i) title or survey matters affecting the Premises, (ii) the physical, geological, seismological or environmental condition of the Premises, including, without limitation, the matters described in the Seismic Report (as defined below), (iii) the quality, nature or adequacy of any utilities serving the Premises, (iv) the feasibility, cost or legality of constructing any Alterations on the Premises if required for Subtenant's use and permitted under this Sublease, (v) the safety of the Premises, whether for the use by Subtenant or any other person, including Subtenant's Agents or Subtenant's clients, customers, vendors, invitees, guests, members, licensees, assignees or subtenants ("Subtenant's Invitees"), or (vi) any other matter whatsoever relating to the Premises or their use, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose.

(c) **Seismic Report.** Without limiting Section 2.2(b) above, Subtenant expressly acknowledges for itself and Subtenant's Agents that it received and read that certain report dated August 1995, entitled "*Treasure Island Reuse Plan: Physical Characteristics, Building and Infrastructure Conditions*," prepared for the Office of Military Base Conversion, Department of City Planning, and the Redevelopment Agency of the City and County of San Francisco (the "Seismic Report"), a copy of the cover page of which is attached hereto as Exhibit C. Subtenant has had an adequate opportunity to review the Seismic Report with expert consultants of its own choosing. The Seismic Report, among other matters, describes the conditions of the soils of the Property and points out that in the area of the Property where the Premises are located, an earthquake of magnitude 7 or greater is likely to cause the ground under and around the Premises to spread laterally to a distance of ten (10) or more feet and/or result in other risks. In that event, there is a significant risk that any structures or improvements located on or about the Premises, may fail structurally and collapse.

3. COMPLIANCE WITH MASTER LEASE

3.1. **Incorporation by Reference.** All of the terms and conditions of the Master Lease are hereby incorporated by reference into this Sublease as if fully set forth herein.

3.2. **Performance of Master Landlord's Obligations.** Sublandlord does not assume the obligations of Master Landlord under the Master Lease. With respect to work, services, repairs, restoration, the provision of utilities or HVAC services, or the performance of any other obligations required of Master Landlord under the Master Lease, Sublandlord's sole obligation with respect thereto shall be to request the same, on request in writing by Subtenant, and to use reasonable efforts to obtain the same from Master Landlord. Subtenant shall cooperate with Sublandlord as may be required to obtain from Master Landlord any such work, services, repairs, repainting, restoration, the provision of utilities or HVAC services, or the performance of any of Master Landlord's obligations under the Master Lease.

3.3. **Conflict.** If any of the provisions of this Sublease conflict with any portion of the Master Lease as incorporated herein, then the terms of the Master Lease shall govern.

3.4. **Compliance with Master Lease.** Subtenant shall not do or permit to be done anything which would constitute a violation or a breach of any of the terms, conditions or provisions of the Master Lease or which would cause the Master Lease to be terminated or forfeited by virtue of any rights of termination reserved by or vested in the Master Landlord.

4. TERM

4.1. **Term of Sublease.** The term of this Sublease (the "Term") shall commence on the Commencement Date set forth in the Basic Sublease Information, and expire on the Expiration Date set forth in the Basic Sublease Information, unless sooner terminated pursuant to the terms of this Sublease.

4.2. **Effective Date.** This Sublease shall become effective on the date (the "Effective Date") upon the later of (i) the Parties' execution and delivery of this Sublease, (ii) Sublandlord's Board of Director's approval of this Sublease at a duly noticed meeting, if such approval is required, or (iii) the Commencement Date.

4.3. **Automatic Termination.** If the Master Lease terminates for any reason whatsoever, this Sublease shall automatically terminate and the Parties shall thereafter be relieved from all liabilities and obligations under this Sublease, except for liabilities and obligations which expressly survive termination of this Sublease. Subtenant acknowledges and agrees that it has reviewed the Master Lease, is aware of the circumstances upon which the Master Lease may be terminated and hereby assumes all risks associated with the automatic termination of this Sublease because of the termination of the Master Lease.

4.4. **Termination by Sublandlord.** Subtenant's period of occupancy of the Premises is subject to Sublandlord's right to terminate this Sublease as provided herein at such time as Sublandlord determines, in its sole discretion, that the Premises are needed in connection with a

Sublandlord program or project. As used herein, "Sublandlord program or project" shall mean any development or renovation, by public and/or private parties, of the building or land in or on which the Premises are located. In the event of any such development or renovation, Sublandlord shall have the right to terminate this Sublease without liability or expense upon delivery to Subtenant of thirty (30) days prior written notice of such termination. Subtenant agrees and shall be required to surrender possession of the Premises by the end of such thirty (30) day period.

4.5. **No Relocation Assistance; Waiver of Claims.** Subtenant acknowledges that it will not be a displaced person as that term is defined under the California Government Code Section 7260 et seq. ("California Relocation Act") and the Uniform Relocation Assistance and Real Property Policies Act, 42 U.S. C. 4601 et seq. ("URA"), and that Subtenant will not be entitled to any relocation benefits provided under the California Relocation Act and the URA, including any moving expenses, reimbursement for costs associated with increased rent, loss of goodwill or other costs related to the termination of Subtenant's Lease and Subtenant's relocation from the Premises. Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims against, and covenants not to sue, Sublandlord, its departments, commissions, officers, directors and employees, agents, contractors and successors and assigns and all persons acting by, through or under each of them, under any laws, including, without limitation, any and all claims for relocation benefits or assistance from Sublandlord under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260, et seq., and the Uniform Relocation Assistance and Real Property Acquisition Policies Act, 42 U.S.C. 4601, et seq.).

Initials: _____ Subtenant

5. RENT

5.1. **Base Rent.** Throughout the Term, beginning on the Commencement Date, Subtenant shall pay to Sublandlord Base Rent in the amount set forth in the Basic Sublease Information. Base Rent shall be paid to Sublandlord without prior demand and without any deduction, setoff, or counterclaim whatsoever. Base Rent shall be payable on or before the first day of each month, in advance, at the Notice Address of Sublandlord provided in Section 21.1 hereof or such other place as Sublandlord may designate in writing. If the Commencement Date occurs on a date other than the first day of a calendar month, or the Sublease terminates on a day other than the last day of a calendar month, then the monthly payment of Base Rent for such fractional month shall be prorated based on a thirty (30) day month.

5.2. **Adjustments in Base Rent.** If this Sublease has not been terminated, then on each Rent Adjustment Date set forth in the Basic Sublease Information, the Base Rent shall be increased by the Rent Increase Percentage set forth in the Basic Lease Information.

5.3. **Additional Charges.** In addition to Base Rent, Subtenant shall pay all other charges

related to the Premises otherwise payable by Subtenant to Sublandlord hereunder, including, without limitation, all late charges and default interest attributable to late payments and/or defaults of Subtenant hereunder, all utility charges, and any amounts other than Base Rent that shall become due and payable by Subtenant under this Sublease (together, the "Additional Charges"). Together, Base Rent and Additional Charges shall hereinafter be referred to as the "Rent".

5.4. Late Charge. If Subtenant fails to pay any Rent within ten (10) days after the date the same is due and payable, such unpaid amount will be subject to a late payment charge equal to six percent (6%) of the unpaid amount in each instance. The late payment charge has been agreed upon by Sublandlord and Subtenant, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that Sublandlord will incur as a result of any such failure by Subtenant, the actual costs thereof being extremely difficult if not impossible to determine. The late payment charge constitutes liquidated damages to compensate Sublandlord for its damages resulting from such failure to pay and Subtenant shall promptly pay such charge to Sublandlord together with such unpaid amount.

5.5. Default Interest. If any Rent is not paid within ten (10) days following the due date, such unpaid amount shall bear interest from the due date until paid at the rate of ten percent (10%) per year. However, interest shall not be payable on late charges incurred by Subtenant nor on any amounts on which late charges are paid by Subtenant to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Subtenant.

6. TAXES, ASSESSMENTS AND OTHER EXPENSES

6.1. Taxes and Assessments, Licenses, Permit Fees and Liens.

(a) **Payment Responsibility.** Subtenant shall pay any and all real and personal property taxes, including, but not limited to, possessory interest taxes, general and special assessments, excises, licenses, permit fees and other charges and impositions of every description levied on or assessed against the Premises, any Alterations, Subtenant's Personal Property, or Subtenant's use of the Premises or any Alterations during the Term. Subtenant shall make all such payments directly to the charging authority when due and payable and at least ten (10) days prior to delinquency. However, with respect to real property taxes and assessments levied on or assessed against the Premises for which Sublandlord receives the tax bill directly from the taxing authority, Subtenant shall reimburse Sublandlord for payment of such sums immediately upon demand.

(b) **Taxability of Possessory Interest.** Without limiting the foregoing, Subtenant recognizes and agrees that this Sublease may create a possessory interest subject to property taxation and that Subtenant may be subject to the payment of property taxes levied on such interest.

(c) **No Liens.** Subtenant shall not allow or suffer a lien for any taxes payable by Subtenant hereunder to be imposed upon the Premises or upon any equipment or other property located thereon without discharging the same as soon as practicable, and in no event subsequent to delinquency.

(d) **Reporting Information.** Subtenant agrees to provide such information as Sublandlord may request to enable Sublandlord to comply with any possessory interest tax reporting requirements applicable to this Sublease.

6.2. **Evidence of Payment.** Subtenant shall, upon Sublandlord's request, furnish to Sublandlord within ten (10) days after the date when any charges are due and payable, official receipts of the appropriate taxing authority or other evidence reasonably satisfactory to Sublandlord, evidencing payment thereof.

7. **USE; COVENANTS TO PROTECT PREMISES**

7.1. **Subtenant's Permitted Use.** Subtenant may use the Premises for the Permitted Use set forth in the Basic Sublease Information, but for no other purpose without the prior written consent of Sublandlord, which consent may be given or withheld in Sublandlord's sole and absolute discretion.

7.2. **Subtenant's Access to the Premises.** As provided in Section 30 of the Master Lease, Subtenant shall have access to the Premises on a 24-hours per day, seven days a week basis; provided, however, Subtenant shall coordinate such access with the local representative of Master Landlord.

7.3. **Rules and Regulations.** Subtenant agrees to adhere to all rules and regulations regarding the Premises attached hereto as Exhibit D, and any additional rules regarding security, ingress, egress, safety and sanitation applicable to the Premises or the Property, as such rules and regulations may be prescribed by Master Landlord or Sublandlord from time to time.

7.4. **Easements.** This Sublease shall be subject to all outstanding easements and rights-of-way for location of any type of facility over, across, in, and upon the Premises or any portion thereof, and to the right of Master Landlord to grant such additional easements and rights-of-way over, across, in and upon the Premises as Master Landlord shall determine to be in the public interest ("Additional Easements"); provided that, as provided in Section 29 of the Master Lease, Master Landlord shall use its best efforts to minimize any interference with Subtenant's operations hereunder caused by the granting of any such Additional Easements and the granting of such Additional Easements shall be conditioned on the assumption by the grantee thereof of liability to Subtenant for such damages as Subtenant shall suffer for property destroyed or property rendered unusable on account of the grantee's exercise of its rights thereunder. There is hereby reserved to the holders of such Additional Easements as are presently outstanding or which may hereafter be granted, to any workers officially engaged in the construction,

installation, maintenance, operation, repair or replacement of facilities located thereon, and to any federal, state or local official engaged in the official inspection thereof, such reasonable rights of ingress and egress over the Premises as shall be necessary for the performance of their duties with regard to such facilities.

7.5. No Interference with Navy Operations. Subtenant shall not conduct operations, nor make any Alterations (as defined below), that would interfere with or otherwise restrict Master Landlord's operations or environmental clean-up or restoration actions by the Master Landlord, Sublandlord, the Environmental Protection Agency, the State of California or their contractors. Environmental clean-up, restoration or testing activities by these Parties shall take priority over Subtenant's use of the Premises in the event of any conflict; provided, however, in such event, Master Landlord and Sublandlord shall use their best efforts to minimize any disruption of Subtenant's operation.

7.6. No Unlawful Uses, Nuisances or Waste. Without limiting the foregoing, Subtenant shall not use, occupy or permit the use or occupancy of any of the Premises in any unlawful manner or for any illegal purpose, or permit any offensive, noisy or hazardous use or any waste on or about the Premises. Subtenant shall eliminate any nuisances or hazards relating to its activities on or about the Premises. Subtenant shall not conduct any business, place any sales display, or advertise in any manner in areas on or about the Property outside of the Premises.

8. ALTERATIONS

8.1. Alterations. Subtenant shall not construct, install, make or permit to be made any alterations, installations or additions ("Alterations") in, to or about the Premises, without Sublandlord's prior written consent in each instance, which consent may be given or withheld in Sublandlord's sole and absolute discretion. Subject to Sublandlord's consent as provided above, any Alterations shall be done at Subtenant's sole expense (i) in strict accordance with plans and specifications approved in advance by Sublandlord in writing, (ii) by duly licensed and bonded contractors or mechanics approved by Sublandlord, (iii) in a good and professional manner, (iv) in strict compliance with all Laws, and (v) subject to all other conditions that Sublandlord may reasonably impose. In no event shall the construction, installation or the making of any Alterations impair the use or operation of the Property, or any portion thereof, or Sublandlord's or Master Landlord's access thereto. Prior to the commencement of any work on the Premises to construct any Alterations, Subtenant, at its sole expense, shall procure all required permits and approvals and shall promptly upon receipt deliver copies of all such documents to Sublandlord. No material change from the plans and specifications for any Alterations approved by Sublandlord may be made without Sublandlord's prior consent. Sublandlord and Sublandlord's Agents shall have the right to inspect the course of construction on the Premises at all times.

8.2. Historic Properties. Without limiting the generality of the foregoing, Subtenant acknowledges and agrees that, pursuant to Section 15 of the Master Lease, no Alterations may be made to any improvements on the Premises (i) which will affect the historic characteristics of the

improvements or modify the appearance of the exterior of the improvements without Master Landlord's and Sublandlord's prior written consent, or (ii) if such Alterations would preclude qualifying the improvements for inclusion on the National Register for Historic Places.

8.3. Ownership of Alterations. Any Alterations constructed on or affixed to the Premises by or on behalf of Subtenant pursuant to the terms and limitations of this Section 8 shall be and remain Subtenant's property during the Term. Upon the termination of this Sublease, Subtenant shall remove all such Alterations from the Premises in accordance with the provisions of Section 19 hereof, unless Sublandlord, at its sole option and without limiting any of the provisions of Section 8.1 above, requires that such Alterations remain on the Premises following the expiration or termination of this Sublease.

8.4. Subtenant's Personal Property. All furniture, furnishings and articles of movable personal property and equipment used upon or installed in the Premises by or for the account of Subtenant that can be removed without structural or other material damage to the Premises (all of which are herein called "Subtenant's Personal Property") shall be and remain the property of Subtenant and shall be removed by Subtenant, subject to the provisions of Section 19 hereof. Subtenant shall be solely responsible for providing any security or other protection of or maintenance to Subtenant's Personal Property.

8.5. Sublandlord's Alterations. Sublandlord reserves the right at any time to make alterations, additions, repairs, deletions or improvements to the common areas or any other part of the improvements on the Premises; provided, that any such alterations or additions shall not materially adversely affect the functional utilization of the Premises for the purposes stated herein.

9. REPAIRS AND MAINTENANCE

9.1. Subtenant Responsible for Maintenance and Repair. Subtenant assumes full and sole responsibility for the condition, operation, repair and maintenance and management of the Premises from and after the Commencement Date and shall keep the Premises in good condition and repair. Sublandlord shall not be responsible for the performance of any repairs, changes or alterations to the Premises, nor shall Sublandlord be liable for any portion of the cost thereof. Subtenant shall make all repairs and replacements, interior and exterior, structural as well as non-structural, ordinary as well as extraordinary, foreseen and unforeseen, which may be necessary to maintain the Premises at all times in a clean, safe, attractive and sanitary condition and in good order and repair, to Sublandlord's and Master Landlord's reasonable satisfaction, provided, however, that neither Subtenant nor Sublandlord shall be required to make structural repairs or Alterations to correct conditions affecting the Premises existing prior to the Commencement Date. If any portion of the Premises is damaged by any activities conducted by Subtenant or Subtenant's Agents or Subtenant's Invitees hereunder, Subtenant shall immediately, at its sole cost, repair all such damage and restore the Premises to its previous condition.

9.2. **Utilities.** Sublandlord shall provide the basic utilities and services described in the attached Exhibit E (the "Standard Utilities and Services") to the Premises, subject to the terms and conditions contained therein. Subtenant shall be responsible for furnishing, at its sole cost, any utilities or services other than or in excess of the Standard Utilities and Services that Subtenant may need for its use of the Premises. Subtenant shall pay, without set off or counterclaim, all amounts due and owing for such Standard Utilities and Services at the rates provided in and as otherwise set forth in Exhibit E.

9.3. **Landscaping.** Subtenant shall maintain the exterior landscaping of the Premises in good condition and repair.

9.4. **Janitorial Services.** Subtenant shall provide all janitorial services for the Premises.

9.5. **Pest Control.** Subtenant shall provide and pay for all pest control services required within the Premises, and shall keep the Premises free of all pests at all times.

9.6. **Trash.** Subtenant shall deposit all trash into designated containers in the Premises in compliance with the Rules and Regulations attached hereto as Exhibit D. Subtenant shall pay for the removal of trash from the designated containers. Subtenant shall abide by all rules established by Sublandlord or Master Landlord for the handling of trash.

9.7. **No Right to Repair and Deduct.** Subtenant expressly waives the benefit of any existing or future Laws or judicial or administrative decision that would otherwise permit Subtenant to make repairs or replacements at Sublandlord's expense, or to terminate this Sublease because of Sublandlord's failure to keep the Premises or any part thereof in good order, condition or repair, or to abate or reduce any of Subtenant's obligations hereunder on account of the Premises or any part thereof being in need of repair or replacement. Without limiting the foregoing, Subtenant expressly waives the provisions of California Civil Code Sections 1932, 1941 and 1942 or any similar Laws with respect to any right of Subtenant to terminate this Sublease and with respect to any obligations of Sublandlord hereunder or any right of Subtenant to make repairs or replacements and deduct the cost thereof from Rent.

10. LIENS

10.1. **Liens.** Subtenant shall keep the Premises free from any liens arising out of any work performed, material furnished or obligations incurred by or for Subtenant. In the event Subtenant does not, within five (5) days following the imposition of any such lien, cause the lien to be released of record by payment or posting of a proper bond, Sublandlord shall have in addition to all other remedies provided herein and by law or equity the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including, but not limited to, payment of the claim giving rise to such lien. All such sums paid by Sublandlord and all expenses it incurs in connection therewith (including, without limitation, reasonable attorneys' fees) shall be payable to Sublandlord by Subtenant upon demand. Sublandlord shall have the

right at all times to post and keep posted on the Premises any notices permitted or required by law or that Sublandlord deems proper for its protection and protection of the Premises from mechanics' and materialmen's liens. Subtenant shall give Sublandlord at least fifteen (15) days' prior written notice of the commencement of any repair or construction on any of the Premises.

11. COMPLIANCE WITH LAWS

11.1. Compliance with Laws. Subtenant shall promptly, at its sole expense, maintain the Premises and Subtenant's use and operations thereon in strict compliance at all times with all present and future Laws, whether foreseen or unforeseen, ordinary as well as extraordinary; provided, however Subtenant shall not be required to make repairs or structural changes to the Premises required solely to correct conditions affecting the Premises existing prior to the Commencement Date or not related to Subtenant's use of the Premises, unless the requirement for such changes is imposed as a result of any Alterations made or requested to be made by Subtenant. Such Laws shall include, without limitation, all Laws relating to health and safety and disabled accessibility including, without limitation, the Americans with Disabilities Act, 42 U.S.C. §§ 12101 *et seq.* and Title 24 of the California Code of Regulations, all present and future Environmental Laws (as defined in this Sublease below), and all applicable provisions of the San Francisco Environment Code. No occurrence or situation arising during the Term, nor any present or future Law, whether foreseen or unforeseen, and however extraordinary, shall give Subtenant any right to seek redress against Sublandlord for failing to comply with any Laws. Subtenant waives any rights now or hereafter conferred upon it by any existing or future Law to compel Sublandlord to make any repairs to comply with any such Laws, on account of any such occurrence or situation.

11.2. Regulatory Approvals.

(a) Responsible Party. Subtenant understands and agrees that Subtenant's use of the Premises and construction of any Alterations permitted hereunder may require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises. Subtenant shall be solely responsible for obtaining any and all such regulatory approvals, including without limitation, any liquor permits or approvals. Subtenant shall not seek any regulatory approval without first obtaining the written consent of Sublandlord. Subtenant shall bear all costs associated with applying for, obtaining and maintaining any necessary or appropriate regulatory approval and shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval. Any fines or penalties levied as a result of Subtenant's failure to comply with the terms and conditions of any regulatory approval shall be immediately paid and discharged by Subtenant, and Sublandlord shall have no liability, monetary or otherwise, for any such fines or penalties. Subtenant shall indemnify, protect, defend and hold harmless forever ("Indemnify") Sublandlord, City and Master Landlord, including, but not limited to, all of their respective officers, directors, employees, agents, affiliates, subsidiaries, licensees, contractors, boards, commissions, departments, agencies and other subdivisions and each of the persons acting by, through or under

each of them, and their respective heirs, legal representatives, successors and assigns, and each of them (the "Indemnified Parties"), against any and all claims, demands, losses, liabilities, damages, liens, injuries, penalties, fines, lawsuits and other proceedings, judgments and awards and costs and expenses, including, without limitation, reasonable attorneys' and consultants' fees and costs ("Losses") arising in connection with Subtenant's failure to obtain or comply with the terms and conditions of any regulatory approval.

11.3. Compliance with Sublandlord's Risk Management Requirements. Subtenant shall not do anything, or permit anything to be done, in or about the Premises or to any Alterations permitted hereunder that would create any unusual fire risk, and shall take commercially reasonable steps to protect Sublandlord from any potential premises liability. Subtenant shall faithfully observe, at its expense, any and all reasonable requirements of Sublandlord's Risk Manager with respect thereto and with the requirements of any policies of commercial general liability, all risk property or other policies of insurance at any time in force with respect to the Premises and any Alterations as required hereunder.

12. ENCUMBRANCES

12.1. Encumbrance By Subtenant. Notwithstanding anything to the contrary contained in this Sublease, Subtenant shall not under any circumstances whatsoever create any mortgage, deed of trust, assignment of rents, fixture filing, security agreement, or similar security instrument, or other lien or encumbrance or assignment or pledge of an asset as security in any manner against the Premises or Sublandlord's or Subtenant's interest under this Sublease.

13. DAMAGE OR DESTRUCTION

13.1. Damage or Destruction to the Premises. In the case of damage to or destruction of the Premises by earthquake, fire, flood or any other casualty, which (i) is not caused by Subtenant or Subtenant's Agents or Subtenant's Invitees, (ii) is not covered by the insurance described in Section 17 below, (iii) prevents Subtenant from operating the Premises for the purposes stated herein, and (iv) costs more to repair than the Repair amount set forth in the Basic Lease Information, either party may terminate this Sublease upon thirty (30) days prior written notice and upon any such termination Subtenant shall surrender the Premises in accordance with Section 19 (except for damage caused by a casualty pursuant to which this Sublease may be terminated under this Section 13.1) and both Parties shall be relieved of any liability for such termination or for repairing such damage. If neither Party terminates this Sublease as provided in this Section 13.1, then Subtenant shall, at its sole cost, promptly restore, repair, replace or rebuild the Premises to the condition the Premises were in prior to such damage or destruction, subject to any Alterations made in strict accordance with the requirements of Section 8.1 above. Under no circumstances shall Sublandlord have any obligation to repair, replace or rebuild the Premises in the event of a casualty.

13.2. No Abatement in Rent. In the event of any damage or destruction to the Premises, and

if neither party terminates this Sublease as provided in Section 13.1 above, there shall be no abatement in the Rent payable hereunder.

13.3. Waiver. The Parties understand and agree that the foregoing provisions of this Section are intended to govern fully the rights and obligations of the Parties in the event of damage or destruction to the Premises or Alterations, and Sublandlord and Subtenant each hereby waives and releases any right to terminate this Sublease in whole or in part under Sections 1932.2 and 1933.4 of the Civil Code of California or under any similar Laws now or hereafter in effect, to the extent such rights are inconsistent with the provisions hereof.

14. ASSIGNMENT AND SUBLETTING

14.1. Restriction on Assignment and Subletting. Subtenant shall not directly or indirectly (including, without limitation, by merger, acquisition or other transfer of any controlling interest in Subtenant), voluntarily or by operation of Law, sell, assign, encumber, pledge, sublease or otherwise transfer any part of its interest in or rights with respect to the Premises, any Alterations or its interest in this Sublease, or permit any portion of the Premises to be occupied by anyone other than itself, or sublet any portion of the Premises (a "Transfer"), without Sublandlord's prior written consent in each instance, which Sublandlord may grant or withhold in its sole and absolute discretion. Subtenant shall provide Sublandlord with a written notice of its intention to Transfer this Sublease or the Premises, together with a copy of the proposed Transfer agreement at least thirty (30) days prior to the commencement date of the proposed Transfer. Subtenant shall provide Sublandlord with such information regarding the proposed Transfer as Sublandlord may reasonably request.

14.2. Bonus Rental. If Sublandlord consents to a Transfer of any of Subtenant's interest in or rights with respect to the Premises pursuant to Section 14.1 above, then one hundred percent (100%) of any rent or other consideration payable to Subtenant in excess of the Base Rent payable hereunder (or the proportionate share thereof applicable to the portion of the Premises that is subject to the Transfer) shall be paid to Sublandlord immediately upon receipt by Subtenant.

15. DEFAULT; REMEDIES

15.1. Events of Default. Any of the following shall constitute an event of default ("Event of Default") by Subtenant hereunder:

(a) **Failure to Pay Rent.** Any failure to pay any Rent or any other sums due hereunder, including sums due for utilities, within five (5) days after such sums are due;

(b) **Covenants, Conditions and Representations.** Any failure to perform or comply with any other covenant, condition or representation made under this Sublease; provided, Subtenant shall have a period of ten (10) days from the date of written notice from Sublandlord of such

failure within which to cure such default under this Sublease, or, if such default is not capable of cure within such 10-day period, Subtenant shall have a reasonable period to complete such cure if Subtenant promptly undertakes action to cure such default within such 10-day period and thereafter diligently prosecutes the same to completion and uses its best efforts to complete such cure within sixty (60) days after the receipt of notice of default from Sublandlord;

(c) **Vacation or Abandonment.** Any abandonment of the Premises for more than fourteen (14) consecutive days;

(d) **Bankruptcy.** The appointment of a receiver to take possession of all or substantially all of the assets of Subtenant, or an assignment by Subtenant for the benefit of creditors, or any action taken or suffered by Subtenant under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute, whether now existing or hereafter amended or enacted; and

(e) **Notices of Default.** The delivery to Subtenant of three (3) or more notices of default within any twelve (12) month period, irrespective of whether Subtenant actually cures such default within the specified time period, may, in the sole and absolute discretion of the Authority, be deemed an incurable breach of this Sublease allowing the Authority to immediately terminate this Sublease without further notice or demand to Subtenant.

15.2. Remedies. Upon the occurrence of an Event of Default by Subtenant, Sublandlord shall have the following rights and remedies in addition to all other rights and remedies available to Sublandlord at Law or in equity:

(a) **Terminate Sublease and Recover Damages.** The rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including, but not limited to, the right to terminate Subtenant's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that Subtenant proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2. Sublandlord's efforts to mitigate the damages caused by Subtenant's breach of this Sublease shall not waive Sublandlord's rights to recover unmitigated damages upon termination.

(b) **Appointment of Receiver.** The right to have a receiver appointed for Subtenant upon application by Sublandlord to take possession of the Premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to Sublandlord pursuant to this Sublease.

15.3. Sublandlord's Right to Cure Subtenant's Defaults. If Subtenant defaults in the performance of any of its obligations under this Sublease, then Sublandlord may at any time thereafter with three (3) days prior written notice (except in the event of an emergency as

determined by Sublandlord where prior notice by Sublandlord is impractical), remedy such Event of Default for Subtenant's account and at Subtenant's expense. Subtenant shall pay to Sublandlord, as Additional Charges, promptly upon demand, all sums expended by Sublandlord, or other costs, damages, expenses or liabilities incurred by Sublandlord, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy such Event of Default. Subtenant's obligations under this Section shall survive the termination of this Sublease. Nothing herein shall imply any duty of Sublandlord to do any act that Subtenant is obligated to perform under any provision of this Sublease, and Sublandlord's cure or attempted cure of Subtenant's Event of Default shall not constitute a waiver of Subtenant's Event of Default or any rights or remedies of Sublandlord on account of such Event of Default.

16. RELEASE AND WAIVER OF CLAIMS; INDEMNIFICATION

16.1. **Release and Waiver of Claims.** Subtenant, on behalf of itself and Subtenant's Agents, covenants and agrees that the Indemnified Parties shall not be responsible for or liable to Subtenant for, and, to the fullest extent allowed by any Laws, Subtenant hereby waives all rights against the Indemnified Parties and releases them from, any and all Losses, including, but not limited to, incidental and consequential damages, relating to any injury, accident or death of any person or loss or damage to any property, in or about the Premises, from any cause whatsoever, including without limitation, partial or complete collapse of the Premises due to an earthquake or subsidence, except only to the extent such Losses are caused solely by the gross negligence or willful misconduct of the Indemnified Parties. Without limiting the generality of the foregoing:

(a) Subtenant expressly acknowledges and agrees that the Rent payable hereunder does not take into account any potential liability of the Indemnified Parties for any consequential or incidental damages including, but not limited to, lost profits arising out of disruption to Subtenant's uses hereunder. Sublandlord would not be willing to enter into this Sublease in the absence of a complete waiver of liability for consequential or incidental damages due to the acts or omissions of the Indemnified Parties, and Subtenant expressly assumes the risk with respect thereto. Accordingly, without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action for consequential and incidental damages and covenants not to sue the Indemnified Parties for such damages arising out of this Sublease or the uses authorized hereunder, including, without limitation, any interference with uses conducted by Subtenant pursuant to this Sublease regardless of the cause.

(b) Without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action against, and covenants not to sue the Indemnified Parties under any present or future Laws, statutes, or regulations, including, but not limited to, any claim for inverse condemnation or the payment of just compensation under the law of eminent domain, or

otherwise at equity, in the event that Sublandlord terminates this Sublease because of such claim for inverse condemnation or eminent domain.

(c) As part of Subtenant's agreement to accept the Premises in its "As Is" condition as provided herein, and without limiting such agreement and any other waiver contained herein, Subtenant on behalf of itself and its successors and assigns, waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way be connected with the physical or environmental condition of the Premises and any related improvements or any Laws or regulations applicable thereto or the suitability of the Premises for Subtenant's intended use.

(d) Subtenant acknowledges that it will not be a displaced person at the time this Sublease is terminated, and Subtenant fully RELEASES, WAIVES AND DISCHARGES the Indemnified Parties from any and all Losses and any and all claims, demands or rights against any of the Indemnified Parties under any present and future Laws, including, without limitation, any and all claims for relocation benefits or assistance from the Indemnified Parties under federal and state relocation assistance laws.

(e) Without limiting any other waiver contained herein, Subtenant, on behalf of itself and its successors and assigns, hereby waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way connected with the Indemnified Parties' decision to Sublease the Premises to Subtenant, regardless of whether or not such decision is or may be determined to be an act of gross negligence or willful misconduct of the Indemnified Parties.

(f) Subtenant covenants and agrees never to file, commence, prosecute or cause to be filed, commenced or prosecuted against the Indemnified Parties any claim, action or proceeding based upon any claims, demands, causes of action, obligations, damages, losses, costs, expenses or liabilities of any nature whatsoever encompassed by the waivers and releases set forth in this Section 16.1.

(g) In executing these waivers and releases, Subtenant has not relied upon any representation or statement other than as expressly set forth herein.

(h) Subtenant had made such investigation of the facts pertaining to these waivers and releases as it deems necessary and assumes the risk of mistake with respect to such facts. These waivers and releases are intended to be final and binding on Subtenant regardless of any claims of mistake.

(i) In connection with the foregoing releases, Subtenant acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Subtenant acknowledges that the releases contained herein include all known and unknown, disclosed and undisclosed, and anticipated and unanticipated claims. Subtenant realizes and acknowledges that it has agreed upon this Sublease in light of this realization and, being fully aware of this situation, it nevertheless intends to waive the benefit of Civil Code Section 1542, or any statute or other similar law now or later in effect. The waivers and releases contained herein shall survive any termination of this Sublease.

16.2. Subtenant's Indemnity. Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties from and against any and all Losses arising out of Subtenant's use of the Premises, including but not limited to, any Losses arising directly or indirectly, in whole or in part, out of: (a) any damage to or destruction of any property owned by or in the custody of Subtenant or Subtenant's Agents or Subtenant's Invitees; (b) any accident, injury to or death of a person, including, without limitation, Subtenant's Agents and Subtenant's Invitees, howsoever or by whomsoever caused, occurring in, on or about the Premises; (c) any default by Subtenant in the observation or performance of any of the terms, covenants or conditions of this Sublease to be observed or performed on Subtenant's part; (d) the use, occupancy, conduct or management, or manner of use, occupancy, conduct or management by Subtenant, Subtenant's Agents or Subtenant's Invitees or any person or entity claiming through or under any of them, of the Premises or any Alterations; (e) any construction or other work undertaken by Subtenant on or about the Premises; and (f) any acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees, in, on, or about the Premises or any Alterations, except to the extent that such Indemnity is void or otherwise unenforceable under any applicable Laws in effect on or validly retroactive to the date of this Sublease and further except only to the extent such Losses are caused solely by the gross negligence or intentional wrongful acts and omissions of the Indemnified Parties. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and Sublandlord's costs of investigating any Loss. Subtenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter. Subtenant's obligations under this Section shall survive the expiration or sooner termination of this Sublease.

17. INSURANCE

17.1. Required Insurance Coverage. Subtenant, at its sole cost and expense, shall maintain, or cause to be maintained, through the Term of this Sublease, the following insurance:

(a) **General Liability Insurance.** Comprehensive or commercial general liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including coverages for contractual liability, independent contractors, broad form property damage, personal injury, products and completed operations, fire damage and legal liability with limits not less than One Million Dollars (\$1,000,000), explosion, collapse and underground (XCU).

(b) **Automobile Liability Insurance.** Comprehensive or business automobile liability insurance with limits not less than One Million Dollars (\$1,000,000) each occurrence combined single limit for bodily injury and property damage, including coverages for owned and hired vehicles and for employer's non-ownership liability, which insurance shall be required if any automobiles or any other motor vehicles are operated in connection with Subtenant's activity on the Premises or the Permitted Use.

(c) **Worker's Compensation and Employer's Liability Insurance.** If Subtenant has employees, Worker's Compensation Insurance in statutory amounts with Employer's Liability with limits not less than One Million Dollars (\$1,000,000.00) for each accident, injury or illness, on employees eligible for each.

(d) **Personal Property Insurance.** Subtenant, at its sole cost and expense, shall procure and maintain on all of its personal property and Alterations, in, on, or about the Premises, property insurance on an all risk form, excluding earthquake and flood, to the extent of full replacement value. The proceeds from any such policy shall be used by Subtenant for the replacement of Subtenant's personal property.

(e) **Other Coverage.** Such other insurance or different coverage amounts as is required by law or as is generally required by commercial owners of property similar in size, character, age and location as the Premises, as may change from time to time, or as may be required by the City's Risk Manager.

17.2. Claims-Made Policies. If any of the insurance required in Section 17.1 above is provided under a claims-made form of policy, Subtenant shall maintain such coverage continuously throughout the Term and without lapse for a period of three (3) years beyond the termination of this Sublease, to the effect that should occurrences during the Term give rise to claims made after termination of this Sublease, such claims shall be covered by such claims-made policies.

17.3. Annual Aggregate Limits. If any of the insurance required in Section 17.1 above is provided under a form of coverage which includes an annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit shall be double the occurrence limits specified herein.

17.4. **Payment of Premiums.** Subtenant shall pay the premiums for maintaining all required insurance.

17.5. **Waiver of Subrogation Rights.** Notwithstanding anything to the contrary contained herein, Sublandlord and Subtenant (each a "Waiving Party") each hereby waives any right of recovery against the other party for any loss or damage sustained by such other party with respect to the Facility or the Premises or any portion thereof or the contents of the same or any operation therein, whether or not such loss is caused by the fault or negligence of such other party, to the extent such loss or damage is covered by insurance which is required to be purchased by the Waiving Party under this Sublease or is actually covered by insurance obtained by the Waiving Party. Each Waiving Party agrees to cause its insurers to issue appropriate waiver of subrogation rights endorsements to all policies relating to the Facility or the Premises; provided, the failure to obtain any such endorsement shall not affect the above waiver.

17.6. **General Insurance Matters.**

(a) All liability insurance policies required to be maintained by Subtenant hereunder shall contain a cross-liability clause, shall name as additional insureds the "THE TREASURE ISLAND DEVELOPMENT AUTHORITY, CITY AND COUNTY OF SAN FRANCISCO, THE UNITED STATES OF AMERICA, ACTING BY AND THROUGH THE DEPARTMENT OF THE NAVY, AND THEIR OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS," shall be primary to any other insurance available to the additional insureds with respect to claims arising under this Sublease, and shall provide that such insurance applies separately to each insured against whom complaint is made or suit is brought except with respect to the limits of the company's liability.

(b) All insurance policies required to be maintained by Subtenant hereunder shall be issued by an insurance company or companies reasonably acceptable to Sublandlord with an AM Best rating of not less than A-VIII and authorized to do business in the State of California.

(c) All insurance policies required to be maintained by Subtenant hereunder shall provide for thirty (30) days' prior written notice of cancellation for any reason, intended non-renewal, or reduction in coverage to Subtenant and Sublandlord. Such notice shall be given in accordance with the notice provisions of Section 21.1 below.

(d) Subtenant shall deliver to Sublandlord certificates of insurance and additional insured policy endorsements in a form satisfactory to Sublandlord evidencing the coverages required herein, together with evidence of payment of premiums, on or before the Commencement Date, and upon renewal of each policy not less than thirty (30) days before expiration of the term of the policy. Subtenant shall, upon Sublandlord's request, promptly furnish Sublandlord with a complete copy of any insurance policy required hereunder.

(e) Not more often than every year and upon not less than sixty (60) days' prior written

notice, Sublandlord may require Subtenant to increase the insurance limits set forth in Section 17.1 above if Sublandlord finds in its reasonable judgment that it is the general commercial practice in San Francisco to carry insurance in amounts substantially greater than those amounts carried by Subtenant with respect to risks comparable to those associated with the use of the Premises.

(f) Subtenant's compliance with the provisions of this Section shall in no way relieve or decrease Subtenant's indemnification obligations herein or any of Subtenant's other obligations or liabilities under this Sublease.

(g) Notwithstanding anything to the contrary in this Sublease, Sublandlord may elect in Sublandlord's sole and absolute discretion to terminate this Sublease upon the lapse of any required insurance coverage by written notice to Subtenant.

18. ACCESS BY SUBLANDLORD

18.1. Access to Premises by Sublandlord

(a) **General Access.** Sublandlord reserves for itself and Sublandlord's Agents, the right to enter the Premises and any portion thereof at all reasonable times upon not less than twenty-four (24) hours oral or written notice to Subtenant (except in the event of an emergency) for any purpose.

(b) **Emergency Access.** In the event of any emergency, as determined by Sublandlord, Sublandlord may, at its sole option and without notice, enter the Premises and alter or remove any Alterations or Subtenant's Personal Property on or about the Premises. Sublandlord shall have the right to use any and all means Sublandlord considers appropriate to gain access to any portion of the Premises in an emergency. In such case, Sublandlord shall not be responsible for any damage or injury to any such property, nor for the replacement of any such property and any such emergency entry shall not be deemed to be a forcible or unlawful entry onto or a detainer of, the Premises, or an eviction, actual or constructive, of Subtenant from the Premises or any portion thereof.

(c) **No Liability.** Sublandlord shall not be liable in any manner, and Subtenant hereby waives any claims, for any inconvenience, disturbance, loss of business, nuisance or other damage arising out of Sublandlord's entry onto the Premises, except damage resulting directly and exclusively from the gross negligence or willful misconduct of Sublandlord or Sublandlord's Agents and not contributed to by the acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees.

18.2. Access to Premises by Master Landlord. Subtenant acknowledges and agrees that Master Landlord shall have all of the rights of access to the Premises described in the Master Lease.

19. SURRENDER

19.1. **Surrender of the Premises.** Upon the termination of this Sublease, Subtenant shall surrender to Sublandlord the Premises in the same condition as of the Commencement Date, ordinary wear and tear excepted, and free and clear of all liens, easements and other encumbrances created or suffered by, through or under Subtenant. On or before any termination hereof, Subtenant shall, at its sole cost, remove any and all of Subtenant's Personal Property from the Premises and demolish and remove any and all Alterations from the Premises (except for any Alterations that Sublandlord agrees are to remain part of the Premises pursuant to the provisions of Section 8.3 above). In addition, Subtenant shall, at its sole expense, repair any damage to the Premises resulting from the removal of any such items and restore the Premises to their condition immediately prior to the presence of any Alterations. In connection therewith, Subtenant shall obtain any and all necessary permits and approvals, including, without limitation, any environmental permits, and execute any manifests or other documents necessary to complete the demolition, removal or restoration work required hereunder. Subtenant's obligations under this Section shall survive the termination of this Sublease. Any items of Subtenant's Personal Property remaining on or about the Premises after the termination of this Sublease may, at Sublandlord's option and after thirty (30) days written notice to Subtenant, be deemed abandoned and in such case Sublandlord may dispose of such property in accordance with Section 1980, et seq., of the California Civil Code or in any other manner allowed by Law.

19.2. **No Holding Over.** If Subtenant fails to surrender the Premises to Sublandlord upon the termination of this Sublease as required by this Section, Subtenant shall Indemnify Sublandlord against all Losses resulting therefrom, including, without limitation, Losses made by a succeeding Subtenant resulting from Subtenant's failure to surrender the Premises. Subtenant shall have no right to hold over without the prior written consent of Sublandlord, which consent may be withheld in Sublandlord's sole and absolute discretion. If Sublandlord holds over the Premises or any part thereof after expiration or earlier termination of this Sublease, such holding over shall be terminable upon written notice by Sublandlord, and the Base Rent shall be increased to two hundred percent (200%) of the Base Rent in effect immediately prior to such holding over, and such holdover shall otherwise be on all the other terms and conditions of this Sublease. This Section shall not be construed as Sublandlord's permission for Subtenant to hold over. Acceptance of any holdover Base Rent by Sublandlord following expiration or termination of this Sublease shall not constitute an extension or renewal of this Sublease.

19.3. **Security Deposit.** Subtenant shall pay to Sublandlord upon execution of this Sublease a security deposit in the amount set forth in the Basic Sublease Information as security for the faithful performance of all terms, covenants and conditions of this Sublease. Subtenant agrees that Sublandlord may (but shall not be required to) apply the security deposit in whole or in part to remedy any damage to the Premises caused by Subtenant, Subtenant's Agents or Subtenant's Invitees, or any failure of Subtenant to perform any other terms, covenants or conditions contained in this Sublease, without waiving any of Sublandlord's other rights and remedies

hereunder or at Law or in equity. Should Sublandlord use any portion of the security deposit to cure any Event of Default by Subtenant hereunder, Subtenant shall immediately replenish the security deposit to the original amount, and Subtenant's failure to do so within five (5) days of Sublandlord's notice shall constitute a material Event of Default under this Sublease. Sublandlord's obligations with respect to the security deposit are solely that of debtor and not trustee. Sublandlord shall not be required to keep the security deposit separate from its general funds, and Subtenant shall not be entitled to any interest on such deposit. The amount of the security deposit shall not be deemed to limit Subtenant's liability for the performance of any of its obligations under this Sublease. To the extent that Sublandlord is not entitled to retain or apply the security deposit pursuant to this Section 20.3, Sublandlord shall return such security deposit to Subtenant within forty-five (45) days of the termination of this Sublease.

20. HAZARDOUS MATERIALS

20.1. No Hazardous Materials. Subtenant covenants and agrees that neither Subtenant nor any of Subtenant's Agents or Subtenant's Invitees shall cause or permit any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment, including, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended (42 U.S.C. Sections 9601 et seq.), or pursuant to Section 25281 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of any existing improvements on the Premises, or are naturally occurring substances on, in or about the Premises; and petroleum, including crude oil or any fraction thereof, and natural gas or natural gas liquids ("Hazardous Material") to be brought upon, kept, used, stored, generated or disposed of in, on or about the Premises or transported to or from the Premises without the prior written approval of Sublandlord, which approval may be withheld in Sublandlord's sole and absolute discretion. Subtenant shall immediately notify Sublandlord if and when Subtenant learns or has reason to believe there has been any release of Hazardous Material in, on or about the Premises. Sublandlord may from time to time request Subtenant to provide adequate information for Sublandlord to determine that any Hazardous Material permitted hereunder is being handled in compliance with all applicable federal, state or local Laws or policies relating to Hazardous Material (including, without limitation, its use, handling, transportation, production, disposal, discharge or storage) or to human health and safety, industrial hygiene or environmental conditions in, on, under or about the Premises and any other property, including, without limitation, soil, air and groundwater conditions ("Environmental Laws"), and Subtenant shall promptly provide all such information. Sublandlord and Sublandlord's Agents shall have the right to inspect the Premises for Hazardous Material and compliance with the provisions hereof at all reasonable times upon reasonable advance oral or written notice to Subtenant (except in the event of an emergency). Subtenant agrees that it shall comply, without limiting the foregoing,

with the provisions of Article 21 of the San Francisco Health Code including, without limitation, regarding obtaining and complying with the requirements of an approved hazardous materials management plan, and with the requirements of the environmental protection provisions provided for in Section 13 of the Master Lease.

20.2. Subtenant's Environmental Indemnity. If Subtenant breaches any of its obligations contained in Section 20.1 above, or, if any act or omission or negligence of Subtenant or any of Subtenant's Agents or Subtenant's Invitees results in any spilling, leaking, pumping, pouring, emitting, discharging, injecting, escaping, leeching or dumping ("Release") of Hazardous Material in, on, under or about the Premises or the Property, without limiting Subtenant's general Indemnity contained in Section 16.2 above, Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties, and each of them, from and against any and all enforcement, investigation, remediation or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental Laws together with any and all Losses made or threatened by any third party against Sublandlord, Sublandlord's Agents, or the Premises, relating to damage, contribution, cost recovery compensation, loss or injury resulting from the presence, Release or discharge of any Hazardous Materials, including, without limitation, Losses based in common law, investigation and remediation costs, fines, natural resource damages, damages for decrease in value of the Premises, the loss or restriction of the use or any amenity of the Premises and attorneys' fees and consultants' fees and experts' fees and costs ("Hazardous Materials Claims") arising during or after the Term of this Sublease and relating to such Release. The foregoing Indemnity includes, without limitation, all costs associated with the investigation and remediation of Hazardous Material and with the restoration of the Premises or the Property to its prior condition including, without limitation, fines and penalties imposed by regulatory agencies, natural resource damages and losses, and revegetation of the Premises or other Sublandlord property. Without limiting the foregoing, if Subtenant or any of Subtenant's Agents or Subtenant's Invitees, causes or permits the Release of any Hazardous Materials in, on, under or about the Premises or the Property, Subtenant shall, immediately, at no expense to Sublandlord, take any and all appropriate actions to return the Premises or other Sublandlord property affected thereby to the condition existing prior to such Release and otherwise investigate and remediate the Release in accordance with all Environmental Laws. Subtenant shall provide Sublandlord with written notice of and afford Sublandlord a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, permit, approvals, or other compromise or proceeding involving Hazardous Material.

20.3. Acknowledgment of Receipt of EBS and FOSL Reports. Subtenant hereby acknowledges for itself and Subtenant's Agents that, prior to the execution of this Sublease, it has received and reviewed the Environmental Baseline Survey ("EBS") and the Finding of Suitability to Lease ("FOSL") described in Section 7 of the Master Lease. California law requires landlords to disclose to tenants the presence or potential presence of certain Hazardous Materials. Accordingly, Subtenant is hereby advised that occupation of the Premises may lead to exposure to Hazardous Materials such as, but not limited to, gasoline, diesel and other vehicle

fluids, vehicle exhaust, office maintenance fluids, tobacco smoke, methane and building materials containing chemicals, such as formaldehyde. Further, there are Hazardous Materials located on the Premises as described in the EBS and the FOSL. In addition, California's Proposition 65, Health and Safety Code Section 25249.6 et seq., requires notice that some of these Hazardous Materials are known by the State of California to cause cancer or reproductive harm. By execution of this Sublease, Subtenant acknowledges that the notices and warnings set forth above satisfy the requirements of California Health and Safety Code Sections 25249.6 et seq., 25359.7 and related statutes.

21. GENERAL PROVISIONS

21.1. Notices. Except as otherwise expressly provided in this Sublease, any notice given hereunder shall be effective only in writing and given by delivering the notice in person, or by sending it first class mail or certified mail with a return receipt requested or reliable commercial overnight courier, return receipt requested, with postage prepaid, to the appropriate addresses set forth in the Basic Sublease Information. Any Party hereunder may designate a new address for notice purposes hereunder at least ten (10) days prior to the effective date of such change. Any notice hereunder shall be deemed to have been given two (2) days after the date when it is mailed if sent by first class or certified mail, one day after the date it is made, if sent by commercial overnight carrier, or upon the date personal delivery is made, and any refusal by either Party to accept the attempted delivery of any notice, if such attempted delivery is in compliance with this Section 21.1 and applicable Laws, shall be deemed receipt of such notice.

21.2. No Implied Waiver. No failure by Sublandlord to insist upon the strict performance of any obligation of Subtenant under this Sublease or to exercise any right, power or remedy arising out of a breach thereof, irrespective of the length of time for which such failure continues, no acceptance of full or partial payment of Rent due hereunder during the continuance of any such breach, and no acceptance of the keys to or possession of the Premises prior to the expiration of the Term by any Agent of Sublandlord, shall constitute a waiver of such breach or of Sublandlord's right to demand strict compliance with such term, covenant or condition or operate as a surrender of this Sublease. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of a default or the performance of any provision hereof shall not be deemed to be a waiver of a subsequent default or performance. The consent of Sublandlord given in any instance under the terms of this Sublease shall not relieve Subtenant of any obligation to secure the consent of Sublandlord in any other or future instance under the terms of this Sublease.

21.3. Amendments. Neither this Sublease nor any term or provision hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the Parties hereto.

21.4. Authority. If Subtenant signs as a corporation, a partnership or a limited liability

company, each of the persons executing this Sublease on behalf of Subtenant does hereby covenant and warrant that Subtenant is a duly authorized and existing entity, that Subtenant has and is qualified to do business in California, that Subtenant has full right and authority to enter into this Sublease, and that each and all of the persons signing on behalf of Subtenant are authorized to do so. Upon Sublandlord's request, Subtenant shall provide Sublandlord with evidence reasonably satisfactory to Sublandlord confirming the foregoing representations and warranties. Without limiting the generality of the foregoing, Subtenant represents and warrants that it has full power to make the waivers and releases, indemnities and the disclosures set forth herein, and that it has received independent legal advice from its attorney as to the advisability of entering into a sublease containing those provisions and their legal effect.

21.5. Joint and Several Obligations. The word "Subtenant" as used herein shall include the plural as well as the singular. If there is more than one Subtenant, the obligations and liabilities under this Sublease imposed on Subtenant shall be joint and several.

21.6. Interpretation of Sublease. The captions preceding the articles and sections of this Sublease and in the table of contents have been inserted for convenience of reference only and such captions shall in no way define or limit the scope or intent of any provision of this Sublease. This Sublease has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intents and purposes of the Parties, without any presumption against the party responsible for drafting any part of this Sublease. Provisions in this Sublease relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action occurs on a Saturday, Sunday or a bank or Sublandlord holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day. Use of the word "including" or similar words shall not be construed to limit any general term, statement or other matter in this Sublease, whether or not language of non-limitation, such as "without limitation" or similar words, are used. Unless otherwise provided herein, whenever the consent of Sublandlord is required to be obtained by Subtenant hereunder, Sublandlord may give or withhold such consent in its sole and absolute discretion.

21.7. Successors and Assigns. Subject to the provisions of Section 14, the terms, covenants and conditions contained in this Sublease shall bind and inure to the benefit of Sublandlord and Subtenant and, except as otherwise provided herein, their personal representatives and successors and assigns; provided, however, that upon any transfer by Sublandlord (or by any subsequent Sublandlord) of its interest in the Premises as lessee, including any transfer by operation of Law, Sublandlord (or any subsequent Sublandlord) shall be relieved from all subsequent obligations and liabilities arising under this Sublease subsequent to such transfer.

21.8. Brokers. Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the

Sublease contemplated herein. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes a claim shall be responsible for such commission or fee and shall Indemnify the other party from any and all Losses incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination of this Sublease.

21.9. Severability. If any provision of this Sublease or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Sublease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Sublease shall be valid and be enforceable to the fullest extent permitted by Law.

21.10. Governing Law. This Sublease shall be construed and enforced in accordance with the Laws of the State of California and the federal government.

21.11. Entire Agreement. This instrument (including the exhibits hereto, which are made a part of this Sublease) contains the entire agreement between the Parties and supersedes all prior written or oral negotiations, discussions, understandings and agreements. The Parties further intend that this Sublease shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including prior drafts of this Sublease and any changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Sublease. Subtenant hereby acknowledges that neither Sublandlord nor Sublandlord's Agents have made any representations or warranties with respect to the Premises or this Sublease except as expressly set forth herein, and no rights, easements or licenses are or shall be acquired by Subtenant by implication or otherwise unless expressly set forth herein.

21.12. Attorneys' Fees. In the event that either Sublandlord or Subtenant fails to perform any of its obligations under this Sublease or in the event a dispute arises concerning the meaning or interpretation of any provision of this Sublease, the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder (whether or not such action is prosecuted to judgment), including, without limitation, court costs and reasonable attorneys' fees. For purposes of this Sublease, reasonable fees of attorneys in the Office of the San Francisco City Attorney (Sublandlord's General Counsel) shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City and County of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney. Further, for purposes of this Sublease, the term "attorneys' fees" shall mean the fees and expenses of counsel to the Parties, which may include printing, duplicating and other expenses, air freight charges, hiring of experts, and fees billed for law clerks, paralegals, librarians and others not admitted to the bar but performing services under the supervision of an

attorney. The term "attorneys' fees" shall also include, without limitation, all such fees and expenses incurred with respect to appeals, mediations, arbitrations, and bankruptcy proceedings, and whether or not any action is brought with respect to the matter for which such fees and costs were incurred. The term "attorney" shall have the same meaning as the term "counsel".

21.13. Time of Essence. Time is of the essence with respect to all provisions of this Sublease in which a definite time for performance is specified.

21.14. Cumulative Remedies. All rights and remedies of either party hereto set forth in this Sublease shall be cumulative, except as may otherwise be provided herein.

21.15. Survival of Indemnities. Termination of this Sublease shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Sublease, nor shall it affect any provision of this Sublease that expressly states it shall survive termination hereof. Subtenant specifically acknowledges and agrees that, with respect to each of the indemnities contained in this Sublease, Subtenant has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within the indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter.

21.16. Relationship of Parties. Sublandlord is not, and none of the provisions in this Sublease shall be deemed to render Sublandlord, a partner in Subtenant's business, or joint venturer or member in any joint enterprise with Subtenant. This Sublease is not intended nor shall it be construed to create any third party beneficiary rights in any third party, unless otherwise expressly provided. The granting of this Sublease by Sublandlord does not constitute authorization or approval by Sublandlord of any activity conducted by Subtenant on, in or relating to the Premises.

21.17. Recording. Subtenant agrees that it shall not record this Sublease nor any memorandum or short form hereof in the official records of any county.

21.18. Non-Liability of Indemnified Parties' Officials, Employees and Agents. No elective or appointive board, commission, member, officer or employee of any of the Indemnified Parties shall be personally liable to Subtenant, its successors and assigns, in the event of any default or breach by Sublandlord or for any amount which may become due to Subtenant, its successors and assigns, or for any obligation of Sublandlord under this Sublease.

21.19. No Discrimination. Subtenant shall comply with the non-discrimination provisions of Section 19.1 of the Master Lease, including, without limitation, posting all notices required therein.

21.20. Counterparts. This Sublease may be executed in two or more counterparts, each of

which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

21.21. Master Landlord's Consent. This Sublease is expressly conditioned upon receipt of the written consent of Master Landlord.

22. SPECIAL PROVISIONS

22.1. Signs. Subtenant agrees that it will not erect or maintain, or permit to be erected or maintained, any signs, notices or graphics upon or about the Premises which are visible in or from public corridors or other portions of any common areas of the Premises or from the exterior of the Premises, without Sublandlord's prior written consent, which Sublandlord may withhold or grant in its sole discretion.

22.2. Public Transit Information. Subtenant shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Subtenant employed on the Premises, including, without limitation, the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Premises and encouraging use of such facilities, all at Subtenant's sole expense.

22.3. TIHDI Job Broker. Subtenant shall comply with the requirements of the TIHDI Work Force Hiring Plan attached hereto as Exhibit F.

22.4. Local Hiring. Subtenant further agrees to use good faith efforts to hire residents of the City and County of San Francisco at all levels of Subtenant's personnel needs and to contract with local businesses for Subtenant's purchase of supplies, materials, equipment or services.

22.5. Non-Discrimination in City Contracts and Benefits Ordinance.

(a) **Covenant Not to Discriminate.** In the performance of this Sublease, Subtenant covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, weight, height or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with, Subtenant in any of Subtenant's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Subtenant.

(b) **Sub-Subleases and Other Subcontracts.** Subtenant shall include in all sub-subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to such

sub-subtenant or other subcontractor in substantially the form of subsection (a) above. In addition, Subtenant shall incorporate by reference in all sub-subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all sub-subtenants and other subcontractors to comply with such provisions. Subtenant's failure to comply with the obligations in this subsection shall constitute a material breach of this Sublease.

(c) **Non-Discrimination in Benefits.** Subtenant does not as of the date of this Sublease and will not during the Term, in any of its operations or in San Francisco or with respect to its operations under this Sublease elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) **HRC Form.** As a condition to this Sublease, Subtenant shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission (the "HRC"). Subtenant hereby represents that prior to execution of this Sublease, (i) Subtenant executed and submitted to the HRC Form HRC-12B-101 with supporting documentation; and (ii) the HRC approved such form.

(e) **Incorporation of Administrative Code Provisions by Reference.** The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Subtenant shall comply fully with and be bound by all of the provisions that apply to this Sublease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Subtenant understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of Fifty Dollars (\$50.00) for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Sublease may be assessed against Subtenant and/or deducted from any payments due Subtenant.

22.6. **MacBride Principles - Northern Ireland.** The City urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Subtenant acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning

doing business in Northern Ireland.

22.7. Tropical Hardwood and Virgin Redwood Ban. The City urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood product. Except as expressly permitted by the application of Section 802(b) and 803(b) of the San Francisco Environment Code, Subtenant shall not provide any items to the construction of tenant improvements or Alterations in the Premises, or otherwise in the performance of this Sublease, which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. In the event Subtenant fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Subtenant shall be liable for liquidated damages for each violation in an amount equal to Subtenant's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater.

22.8. Conflicts of Interest. Subtenant states that it is familiar with the provisions of Section 8.105 and 8.106 of the San Francisco Charter and certifies that it knows of no facts which would constitute a violation of such provisions. Subtenant further certifies that it has made a complete disclosure to the Sublandlord of all facts bearing on any possible interests, direct or indirect, which Subtenant believes any officer or employee of the Sublandlord presently has or will have in this Sublease or in the performance thereof or in any portion of the profits thereof. Willful failure by Subtenant to make such disclosure, if any, shall constitute grounds for the Sublandlord's termination and cancellation of this Sublease.

22.9. Wages and Working Conditions. Subtenant agrees that any person performing labor in the construction of any tenant improvements and any Alterations to the Premises, which Subtenant provides under this Sublease, shall be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco, California. Subtenant shall include, in any contract for construction of such tenant improvements and Alterations, a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Subtenant shall require any contractor to provide, and shall deliver to Sublandlord upon request, certified payroll reports with respect to all persons performing labor in the construction of such tenant improvement work or any Alterations to the Premises.

22.10. Prohibition of Tobacco Advertising. Subtenant acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of Sublandlord or the City, including the Premises and the Property. This prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This prohibition does not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products

or to encourage people not to smoke or to stop smoking.

22.11. Pesticide Prohibition. Subtenant shall comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "Pesticide Ordinance") which (i) prohibit the use of certain pesticides on City property, (ii) require the posting of certain notices and the maintenance of certain records regarding pesticide usage and (iii) require Subtenant to submit to Sublandlord an integrated pest management ("IPM") plan that (a) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Subtenant may need to apply to the Premises during the terms of this Sublease, (b) describes the steps Subtenant will take to meet the City's IPM Policy described in Section 300 of the Pesticide Ordinance and (c) identifies, by name, title, address and telephone number, an individual to act as Subtenant's primary IPM contact person with the City. In addition, Subtenant shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance.

22.12. First Source Hiring Ordinance. The City has adopted a First Source Hiring Ordinance (Board of Supervisors Ordinance No. 264 98) which establishes specific requirements, procedures and monitoring for first source hiring of qualified economically disadvantaged individuals for entry level positions. Within thirty (30) days after Sublandlord adopts a First Source Hiring Implementation and Monitoring Plan in accordance with the First Source Hiring Ordinance, Subtenant shall enter into a First Source Hiring Agreement that meets the applicable requirements of Section 83.9 of the First Source Hiring Ordinance.

22.13. Sunshine Ordinance. In accordance with Section 67.24(e) of the San Francisco Administrative Code, contracts, contractors' bids, leases, agreements, responses to Requests for Proposals, and all other records of communications between City departments and persons or firms seeking contracts will be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract, lease, agreement or other benefit until and unless that person or organization is awarded the contract, lease, agreement or benefit. Information provided which is covered by this Section will be made available to the public upon request.

22.14. Conflicts of Interest. Through its execution of this Sublease, Subtenant acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provisions, and agrees that if Subtenant becomes aware of any such fact during the Term of this Sublease, Subtenant shall immediately notify Sublandlord.

22.15. Charter Provision. This Sublease is governed by and subject to the provisions of the Charter of the City and County of San Francisco.

22.16. Requiring Health Benefits for Covered Employees. Unless exempt, Subtenant agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this Sublease as though fully set forth. The text of the HCAO is available on the web at www.dph.sf.ca.us/HCRes/Resolutions/2004Res/HCRes102004.shtml. Capitalized terms used in this Section and not defined in this Sublease shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee, Subtenant shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Subtenant chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(b) Notwithstanding the above, if Subtenant is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with Subsection (a) above.

(c) Subtenant's failure to comply with the HCAO shall constitute a material breach of this Sublease. Sublandlord shall notify Subtenant if such a breach has occurred. If, within thirty (30) days after receiving City's written notice of a breach of this Sublease for violating the HCAO, Subtenant fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Subtenant fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, Sublandlord shall have the right to pursue the remedies set forth in Section 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to Sublandlord.

(d) Any Subcontract entered into by Subtenant shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Subtenant shall notify City's Purchasing Department when it enters into such a Subcontract and shall certify to the Purchasing Department that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Subtenant shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the Sublandlord may pursue the remedies set forth in this Section against Subtenant based on the Subcontractor's failure to comply, provided that Sublandlord has first provided Subtenant with notice and an opportunity to obtain a cure of the violation.

(e) Subtenant shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying Sublandlord with regard to Subtenant's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

- (f) Subtenant represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.
- (g) Subtenant shall keep itself informed of the current requirements of the HCAO.
- (h) Subtenant shall provide reports to Sublandlord in accordance with any reporting standards promulgated by Sublandlord under the HCAO, including reports on Subcontractors and Subtenants, as applicable.
- (i) Subtenant shall provide Sublandlord with access to records pertaining to compliance with the HCAO after receiving a written request from Sublandlord to do so and being provided at least five (5) business days to respond.
- (j) Sublandlord may conduct random audits of Subtenant to ascertain its compliance with HCAO. Subtenant agrees to cooperate with Sublandlord when it conducts such audits.
- (k) If Subtenant is exempt from the HCAO when this Sublease is executed because its amount is less than Twenty-Five Thousand Dollars (\$25,000) (or [Fifty Thousand Dollars (\$50,000)] if Subtenant is a qualified nonprofit), but Subtenant later enters into an agreement or agreements that cause Subtenant's aggregate amount of all agreements with Sublandlord to reach Seventy-Five Thousand Dollars (\$75,000), all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Subtenant and the Contracting Department to be equal to or greater than Seventy-Five Thousand Dollars (\$75,000) in the fiscal year.

22.17. Notification of Limitations on Contributions. Through its execution of this Sublease, Subtenant acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require approval by a City elective officer or the board on which that City elective officer serves, from making any campaign contribution to the officer at any time from the commencement of negotiations for such contract until the termination of negotiations for such contract or three (3) months has elapsed from the date the contract is approved by the City elective officer, or the board on which that City elective officer serves. San Francisco Ethics Commission Regulation 1.126-1 provides that negotiations are commenced when a prospective contractor first communicates with a City officer or employee about the possibility of obtaining a specific contract. This communication may occur in person, by telephone or in writing, and may be initiated by the prospective contractor or a City officer or employee. Negotiations are completed when a contract is finalized and signed by the City and the contractor. Negotiations are terminated when the City and/or the prospective contractor end the negotiation process before a final decision is made to award the contract.

22.18. Preservation-Treated Wood Containing Arsenic. As of July 1, 2003, Subtenant may not purchase preservative-treated wood products containing arsenic in the performance of this Sublease unless an exemption from the requirements of Environment Code Chapter 13 is obtained from the Department of Environment under Section 1304 of the Environment Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniac copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Subtenant may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of Environment. This provision does not preclude Subtenant from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

22.19. Resource Efficient City Buildings and Pilot Projects. Subtenant acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 707 relating to resource-efficient City buildings and resource-efficient pilot projects. Subtenant hereby agrees that it shall comply with all applicable provisions of such code sections.

22.20. Food Service Waste Reduction. Subtenant agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Sublease as though fully set forth. This provision is a material term of this Sublease. By entering into this Sublease, Subtenant agrees that if it breaches this provision, Sublandlord will suffer actual damages that will be impractical or extremely difficult to determine; further, Subtenant agrees that the sum of One Hundred Dollars (\$100.00) liquidated damages for the first breach, Two Hundred Dollars (\$200.00) liquidated damages for the second breach in the same year, and Five Hundred Dollars (\$500.00) liquidated damages for subsequent breaches in the same year is a reasonable estimate of the damage that Sublandlord will incur based on the violation, established in light of the circumstances existing at the time this Sublease was made. Such amounts shall not be considered a penalty, but rather agreed monetary damages sustained by Sublandlord because of Subtenant's failure to comply with this provision.

22.21. Estoppel Certificates. At any time and from time to time, within ten (10) days after Sublandlord's request, Subtenant will execute, acknowledge and deliver to Sublandlord a statement certifying the following matters: (a) the Commencement Date and Expiration Date of this Sublease; (b) that this Sublease is unmodified and in full force and effect (or if there have been modifications, that this Sublease is in full force and effect as modified and the date and nature of such modifications); (c) the dates to which the Rent has been paid; (d) that there are no Events of Default under this Sublease (or if there are any Events of Default, the nature of such Event of Default); and (e) any other matters reasonably requested by Sublandlord. Sublandlord and Subtenant intend that any such statement delivered pursuant to this paragraph may be relied

upon by any assignee of Sublandlord's interest in the Master Lease or this Sublease, any mortgagee or any purchaser or prospective purchaser of the building or land on which the Premises are located. Subtenant irrevocably appoints Sublandlord, as Subtenant's agent, to execute and deliver in the name of Sublandlord any such instrument if Subtenant fails to do so, which failure shall also be an Event of Default under this Sublease.

22.22. Addendum. The terms of the Addendum, if any, attached to this Sublease are incorporated into the Sublease by reference. In the event of any inconsistency between the Sublease and the Addendum, the terms of the Addendum shall control.

Sublandlord and Subtenant have executed this Sublease in triplicate as of the date first written above.

SUBTENANT:

**TREASURE ISLAND HOMELESS
DEVELOPMENT INITIATIVE,
a California non-profit corporation**

By: _____
Sherry Williams
Its: Executive Director

**TOOLWORKS,
a California non-profit corporation**

By: _____
Steven Crabel
Its: Executive Director

**WINE VALLEY INC.,
a California Corporation doing business as
Wine Valley Catering**

By: _____
Jack Nathanson
Its: Director

SUBLANDLORD:

**TREASURE ISLAND DEVELOPMENT
AUTHORITY**

By: _____
Mirian Saez
Director of Island Operations

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____
Deputy City Attorney

EXHIBIT A

MASTER LEASE

EXHIBIT B

DIAGRAM OF PREMISES

EXHIBIT C

COVER PAGE OF THE SEISMIC REPORT

EXHIBIT D

RULES AND REGULATIONS

1. All rules and regulations set out in the Master Lease shall prevail.
2. No signs, advertisements, or notices shall be attached to, or placed on, the exterior or interior of the Building or elsewhere on the Property, without prior written approval of Sublandlord.
3. Subtenant's contractors and invitees, while on the Premises or Subtenant's parking area, shall be subject to these Rules and Regulations, and will be subject to direction from Sublandlord and its agents, but will not be an agent or contractor of the Sublandlord or its agents. Subtenant's contractors shall be licensed by the State, insured and bonded at the amount requested by the Sublandlord.
4. Subtenant shall install and maintain at Subtenant's expense, any life safety equipment required by governmental rules, regulations or laws to be kept on the Premises.

EXHIBIT D-1

TREASURE ISLAND DEVELOPMENT AUTHORITY SPECIAL EVENT RULES AND REGULATIONS

1. **CATERING PROVISIONS:** Catering must be provided by a licensed and insured commercial catering company. Alcohol must be served by a licensed and insured company with the required liquor liability insurance coverage.
2. **ACCESS:** Venues are available for use between the hours of 8AM and 2AM, including all load-in, load-out, set-up, and breakdown.
3. **SMOKING:** Smoking is not permitted inside any facility.
4. **ITEMS NOT PERMITTED ON PREMISES:** This list includes, but is not limited to the following: bottled gas in any form, "fog" or "smoke" producing equipment, rice for throwing, confetti or glitter, torches or luminaries, fireworks of any kind, including sparklers and fire crackers, and guns or weapons of any kind.
5. **KITCHEN/PREP ROOM:** No disposal of food items, grease, coffee grounds, etc. in kitchen or prep room sinks is allowed.
6. **GARBAGE:** Event sponsor and caterer are responsible for removal of all ice and garbage at the conclusion of the event.
7. **USE OF CANDLES, OPEN FLAME, AND OTHER FIRE PRODUCING/HEATING MECHANISMS:** Event sponsor and its vendors should not use or bring onto the Premises any form of bottled gas. Propane heat lamps require an LPG Permit through the San Francisco Fire Department, as well as a Fire Watch. Candles may be used only with candleholders meeting specifications of the San Francisco Fire Code (ie. candleholders must extend at least 2" above the flame).
8. **SIGNS:** No signs, advertisements, or notices shall be attached to, or placed on, the exterior or interior of the buildings or elsewhere on the Property, without prior written approval of the Treasure Island Development Authority. Such approved signs must be removed at the termination of the designated rental period, or at the request of the Treasure Island Development Authority.
9. **BARBECUES:** Personal barbecues may be brought into the picnic areas so long as they have legs or stands and are not placed directly on the grass. Thoroughly quench the fire after using the barbecues. Live coals must not be put on grass or into trash receptacles. Event sponsor must remove ash, coals, and other barbecue debris.
10. **PORTABLE RESTROOMS:** Events in outdoor areas must provide portable restrooms at the ratio of one (1) restroom for each 200 persons in attendance, one in eight of which must meet ADA specifications.

11. **TENTS:** All tents must be certified to withstand 70 mph winds and installed according to manufacturers instructions. Event sponsor must obtain a tent permit through the San Francisco Fire Department for any tent over 200 square feet. Event sponsor must also obtain an Excavation Permit from the Public Utilities Commission. All tents and heating devices must comply with fire and life safety regulations and must be inspected and approved by the San Francisco Fire Department Inspector. Any holes created by tent stakes must be filled immediately after breakdown. The Premises must be swept thoroughly of all tent debris (screws, nails, rope, zip-ties, etc.) after tent breakdown.

12. **INSURANCE:** Individuals hosting weddings, domestic ceremonies, and private events are required to purchase liability insurance coverage which will satisfy the insurance requirements for special events set forth below. Reasonably priced "per event" liability insurance from Scottsdale Insurance Company, may be secured through the Treasure Island Development Authority.

Commercial General Liability Insurance with limits not less than \$1,000,000 is required. A certificate of General Liability Insurance is required thirty (30) days before the event and must cover the entire time period that Event sponsor will be using Premises, including set-up, breakdown, and rehearsal. *Treasure Island Development Authority, City and County of San Francisco, United States of America, acting by and through the Department of the Navy and their officers, directors, employees and agents, must be named as additional insureds. An endorsement is required.*

EXHIBIT E

STANDARD UTILITIES AND SERVICES AND RATES

Utilities Rate Schedule for all portions of the Premises other than Parcel E: Lobby of the Main Administration Building (Building One). For Building One, Utilities are included.

<u>Utility Service</u>	<u>Rate</u>	<u>Unit</u>
Electric Rate	\$ 0.14	per kwh
Water Rate	\$ 5.40	per kgal
Sewer Rate	\$ 5.75	per kgal
Gas Rate	\$ 0.60	per therm

Rates are subject to adjustment.

Subtenant shall install utility Submeters to the satisfaction of Sublandlord.

Subtenant shall arrange for delivery of utility services to the premises by making a "Request for Utilities Services" by contacting:

San Francisco Public Utilities Commission
c/o Treasure Island Development Authority
410 Avenue of the Palms
Treasure Island
San Francisco, CA. 94130
Attn: Mr. Vic Zorzinsky
(415) 274-0333

EXHIBIT F

TIHDI WORKFORCE HIRING AGREEMENT

ADDENDUM TO SUBLEASE

This is an Addendum to the Sublease dated as of December 1, 2008, between the TREASURE ISLAND DEVELOPMENT AUTHORITY ("Sublandlord"), and the TREASURE ISLAND HOMELESS DEVELOPMENT INITIATIVE, a California nonprofit corporation ("TIHDI"), TOOLWORKS, a California nonprofit corporation ("TOOLWORKS"), and WINE VALLEY, INC., a California corporation ("WINE VALLEY"). TIHDI, TOOLWORKS and WINE VALLEY are collectively referred to in this Sublease as "Subtenant".

This Addendum supersedes and replaces the terms of the Sublease to which it is attached to the extent of any inconsistency between the Sublease and this Addendum. All capitalized terms used in this Addendum and not defined herein shall have the meanings set forth in the Sublease.

Sublandlord and Subtenant agree as follows:

1. New Section 2.3 - Parking. A new Section 2.3 is hereby added to the Sublease, which states in its entirety as follows:

"2.3 Parking. Subtenant and Subtenant's clients shall be allowed to park up to the following number of vehicles in the areas designated for parking on Exhibit B attached hereto:

Parcel A (Casa del la Vista): 75 Spaces

Parcel B (The Library): 75 Spaces

Parcel C (Chapel): 75 Spaces

Parcel D (Fogwatch): 75 Spaces

Parcel E (Building One Lobby): 200 Spaces

Parcel F (Pavilion By The Bay): 75 Spaces

To the extent practicable, Subtenant shall use its best efforts to encourage ride-sharing, the use of shuttle busses or other pooled-means of transportation to and from the Premises."

2. Amended Section 5.1 - Base Rent. Section 5.1 of the Sublease is hereby deleted in its entirety and replaced with the following:

"5.1 Base Rent and Percentage Rent. Throughout the Term, beginning on the Commencement Date, Subtenant shall pay to Sublandlord (i) Base Rent in the amount set forth in the Basic Sublease Information and (ii) three percent (3%) of Gross Food and Beverage Sales Revenues (the "Percentage Rent"). "Gross Food and Beverage Sales Revenues" means the total revenues received by Subtenant and/or Wine Valley from all food and beverage service provided in, upon or from any portion of Treasure Island and Yerba Buena Island, including but not limited to the Premises, but specifically excluding Parcel F (Pavilion By The Bay), and shall include (a) any credit sales, gift certificates or other prepayments and (b) any catering buyout fee paid pursuant to Section 7.8(b) of this Sublease.

(a) Payment of Base Rent and Percentage Rent. Base Rent shall be payable monthly in arrears on the first day of each calendar month with respect to all event rental fees received during the prior month. Percentage Rent shall be payable monthly in arrears as follows. For each month, Subtenant shall furnish to Sublandlord a statement in writing, certified by Subtenant to be true and correct, showing (i) the dates, times and venues within the Premises that were used for events, (ii) the total event fees per event, (iii) the total Gross Food and Beverage Sales Revenues made in, upon or from the Premises (other than Parcel F (the Fogwatch Pavilion)), (iv) the total Gross Food and Beverage Sales Revenues from other areas of Treasure Island and Yerba Buena Island (other than Parcel F), and (v) the Gross Food and Beverage Sales Revenues broken out per event. The monthly statement, and the monthly payment of Percentage Rent, shall be due and payable no later than forty-five (45) days after the end of the month in question. Base Rent and Percentage Rent shall be paid to Sublandlord without prior demand and without any deduction, setoff, or counterclaim whatsoever.

(b) Annual Report. Within sixty (60) days after each anniversary of the Commencement Date, Subtenant shall submit to Sublandlord an annual statement of event fees and Gross Food and Beverage Sales Revenues certified as true and correct by Subtenant and in a form acceptable to Sublandlord.

(c) Review of Books and Records. Sublandlord shall have the right at any time to perform a review or audit of Subtenant's books and records as may be necessary to certify the amount of event fees and Gross Food and Beverage Sales Revenues. If the amount of event fees and/or Gross Food and Beverage Sales Revenues for any period as determined by Sublandlord's review or audit exceeds the amount reported by Subtenant by more than two percent (2%), Subtenant shall immediately remit the amount of the underpayment to Sublandlord and the cost of examination shall be paid by Subtenant to Sublandlord within thirty (30) days after Sublandlord's written request.

(d) Default. Subtenant's failure to provide monthly or annual statements within the time periods required, failure to provide access to Subtenant's books and

records, or any misrepresentation of event fees and/or Gross Food and Beverage Sales Revenues by Subtenant, shall be an event of default under this Sublease.

(e) Survival. The terms of this Section shall survive the expiration or earlier termination of this Sublease."

3. Amendment of Section 7.2 – Subtenant's Building Access. The following is added to the end of Section 7.2:

"Subtenant acknowledges that Parcel E, the Building 1 Lobby, is used by Sublandlord and its, subtenants, employees, visitors, agents, invitees and contractors, to access other areas in Building 1. Subtenant shall ensure that such access to the remainder of Building 1 is available at all times. In addition, Subtenant shall manage all events in Parcel E in a manner such that the events do not interfere with the covenant of quiet enjoyment of other subtenants in Building 1."

4. New Section 7.7 - Management, Marketing and Booking Obligations. A new Section 7.7 is hereby added to the Sublease, which states in its entirety as follows:

"7.7 Management, Marketing and Booking Obligations. Subtenant represents that it has the necessary expertise and experience to manage, operate and maintain the Premises in a manner that attracts and books events that utilize the facilities to the fullest extent and maximizes revenue to Sublandlord. Subtenant shall serve as the primary contact for information regarding the availability and booking of events at the Premises. All phone and email inquiries and all venue site tours shall be received and handled by Subtenant. All booking contracts shall be on a form approved by Sublandlord. The event rental fees shall be consistent with the Event Venue Rate Schedule attached hereto as Exhibit G. Subtenant shall be responsible for collecting all deposits and event rental fees and shall issue deposit refunds directly to Subtenant's clients. Subtenant shall provide software or a comparable online program to Sublandlord with the capability to add to and access the Master Calendar for events scheduled in the Premises. Subtenant and Sublandlord shall be in direct and frequent communication regarding all matters relating to the management, operation, catering and marketing of the Premises. Subtenant shall provide Sublandlord with monthly status reports detailing Subtenant's activities under this Sublease in a form acceptable to Sublandlord.

Subtenant shall actively market and advertise the Premises for events at its sole cost. Within sixty (60) days after the Commencement Date, Subtenant shall provide Sublandlord with a detailed marketing plan for the Premises. All marketing and advertising materials, including, but not limited to, online website ads, wedding guide and magazine ads, and direct mail publications, shall be approved by Sublandlord before issuance. Subtenant shall acknowledge the Treasure Island Development Authority in all marketing materials and advertisements."

5. New Section 7.8 - Catering. A new Section 7.8 is hereby added to the Sublease, which states in its entirety as follows:

"7.8 Catering.

(a) Exclusive Right. Subject to Subsection 7.8(b) below, Wine Valley shall have the exclusive right to provide catering services for events booked in the Premises under this Sublease. Wine Valley shall subcontract for catering service if Wine Valley cannot accommodate requests for ethnic, kosher or specialty foods requested by Subtenant's clients.

(b) Catering Buyout Option. Subtenant shall allow clients the option to "buy out" catering services in accordance with a fee schedule approved by Sublandlord and included in the Event Venue Rate Schedule attached hereto as Exhibit G, to enable clients to use a caterer other than Wine Valley.

(c) Wine, Beer and Alcoholic Beverages. Subtenant shall allow clients the option to provide their own wine, beer and other alcoholic beverages to be served at an event; provided, that such clients must use a licensed beverage server approved by Sublandlord."

6. Amended Section 8.5 – Sublandlord's Alterations. The following is added to the end of Section 8.5:

"Sublandlord, at its sole cost and expense, shall cause the demolition of Building 227 on Parcel F of the Premises, provide restroom facilities, and install a new concrete pad complete with utility connections for water and electrical in accordance with specifications mutually agreed upon by the parties. Subtenant, at its sole cost and expense, shall install the Pavilion tent on Parcel F of the Premises, which installation shall be subject to all of the terms and conditions of Section 8 of this Sublease."

7. Amended Section 9.1 – Subtenant Responsible for Maintenance and Repair. Section 9.1 of the Sublease is hereby deleted in its entirety and replaced with the following:

"Subtenant assumes full and sole responsibility for the condition, operation, repair and maintenance and management of the Premises from and after the Commencement Date and shall keep the Premises in good condition and repair. Sublandlord shall not be responsible for the performance of any repairs, changes or alterations to the Premises, nor shall Sublandlord be liable for any portion of the cost thereof. Notwithstanding the foregoing, Sublandlord shall be responsible for all routine non-structural repairs and maintenance necessary to operate Parcels C and F for the Permitted Use. Subtenant shall make all other repairs and replacements, interior and exterior, structural as well as non-structural, ordinary as well as extraordinary, foreseen and unforeseen, which may be necessary to maintain the Premises at all times in a clean, safe, attractive and sanitary condition and in good order and repair, to Sublandlord's and Master Landlord's reasonable satisfaction, provided, however, that neither Subtenant nor Sublandlord shall be required to make structural repairs or Alterations to correct conditions affecting the Premises existing prior to the Commencement Date. If any portion of the Premises is damaged by any activities conducted by Subtenant or Subtenant's Agents or Subtenant's Invitees hereunder, Subtenant shall immediately, at its sole cost, repair all such damage and restore the Premises to its previous condition."

8. Amended Section 9.3 – Landscaping. Section 9.3 of the Sublease is hereby deleted in its entirety and replaced with the following:

"9.3. Landscaping. Sublandlord shall maintain the exterior landscaping of the Premises in good condition and repair."

9. New Section 22.23 – Resource Conservation and Sustainability. A new Section 22.23 is hereby added to the Sublease, which states in its entirety as follows:

"22.23. Resource Conservation and Sustainability. Sublandlord is committed to managing the Premises in as sustainable a manner as possible. In addition to Subtenant's compliance with the requirements of Section 22.20 of this Sublease, Subtenant shall conduct its operations in accordance with all applicable provisions of the San Francisco Environment Code, including but not limited to Chapter 5, which is incorporated herein by reference. Subtenant shall use best efforts to conduct its operations in accordance with sustainable practices. A breach of this Section 22.23 shall be a material default under this Sublease."

10. New Section 22.24 - Subject to Sublandlord and City Uses. A new Section 22.24 is hereby added to the Sublease, which states in its entirety as follows:

"22.24. Subject to Sublandlord and City Uses. Notwithstanding anything to the contrary in this Sublease, Subtenant's right to use the Premises hereunder shall be subject and subordinate to Sublandlord's and City's uses of the Premises for municipal purposes. Subtenant acknowledges that Sublandlord and the American Red Cross have entered into a Shelter Agreement whereby Building 1 may be used as a shelter in the event of an emergency. Subtenant's rights under this Sublease are subject and subordinate to the terms of the Shelter Agreement. In addition, Subtenant acknowledges that the Property contains a variety of different event venues and outdoor public spaces and it is common for numerous events to be held at various venues on the Property on the same day. Subtenant shall be responsible for confirming the compatibility of any special events that Subtenant books with other events occurring at the Property."

IN WITNESS WHEREOF, Sublandlord and Subtenant have executed this Addendum to Sublease as of the day and year first above written.

SUBTENANT:

**TREASURE ISLAND HOMELESS
DEVELOPMENT INITIATIVE,**
a California non-profit corporation

By: _____
Sherry Williams
Its: Executive Director

TOOLWORKS,
a California non-profit corporation

By: _____
Steven Crabel
Its: Executive Director

WINE VALLEY INC.,
a California Corporation doing business as
Wine Valley Catering

By: _____
Jack Nathanson
Its: Director

SUBLANDLORD:

**TREASURE ISLAND DEVELOPMENT
AUTHORITY**

By: _____
Mirian Saez
Director of Island Operations

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____
Deputy City Attorney

AGENDA ITEM 8D
Treasure Island Development Authority
City and County of San Francisco
Meeting of November 12, 2008

Subject: Approving the Treasure and Yerba Buena Islands Temporary Public Art Policy (Action Item)

Contact: Peter Summerville, Leasing Manager/Special Projects Director

Phone: 415-274-0660

BACKGROUND

The Treasure Island Development Authority Board of Directors (Authority Board) requested that Project Staff formulate a plan and set of procedures to govern the installation of works of art in public areas on the Island during the current interim reuse period. Staff has created a Policy and Procedure for Temporary Display of Public Art on Treasure and Yerba Buena Islands (Exhibit A) for Authority Board adoption and approval. Review of policies and procedures of City departments responsible for the placement and display of public art on City property, including the San Francisco Arts Commission and the Port of San Francisco, occurred during formulation of the Draft Policy. The Draft Policy was presented to the Authority Board at its October 22nd, 2008 meeting for review. Feedback from the Board at that meeting has been incorporated into the final Policy up for approval.

The key points of this Policy are as follows.

Submittal of Proposal for Installation by Artist and Proposal Review Process

All proposals and applications for installation of a work of art (Work) on Treasure Island shall be initiated by a submittal of the "Proposal for Public Art Installation" (Proposal) document (Exhibit B) to the TIDA Project Office (Project Office) for review. Upon receipt, Project Office staff will forward the Proposal to designated representatives of the Treasure Island Project Office, San Francisco Arts Commission and the United States Navy Caretaker Site Office. (Panel). These representatives will review the Proposal and comment on the Proposal from a professional artistic standpoint, the appropriateness of its placement in a public setting and the appropriateness of the physical and structural nature of the Proposal with regards to the on-Island location proposed. The feedback and comment will be provided to the Director of Island Operations (DIO) who will have these comments at her disposal when making the final decision on accepting or rejecting the Proposal.

While works of art are open to numerous interpretations and are generally subject to the "eye of the beholder", this procedure is meant to allow for an initial level of professional review and input to assure that public art placed on Treasure Island conforms to a basic standard of artistic merit as well as a basic standard of accessibility and appropriateness for public placement. The

procedure is meant to provide the DIO with an additional tool for making a final decision whether to accept or reject the Proposal.

If accepted, the DIO will set the time length of the exhibit as well as any additional terms related to the installation, deinstallation and exhibit of the Work as deemed necessary based on the specific Proposal. All displays will have a maximum initial term of six months, with shorter terms possible. Additional terms and conditions required by the DIO shall be non-negotiable and adherence to these additional terms shall be a condition of approval of the Proposal. Artist shall be notified in writing by the DIO as to the acceptance or rejection of their Proposal. The DIO will notify the Authority Board of any acceptance at its next regular meeting following approval of the Proposal.

Placement of Public Art and Agreement with Artist

Upon approval of the Proposal, the artist will enter into a no-cost Use Permit (Permit) with TIDA to allow for placement of the work on the Island for a set period of time. Exhibit C is a map stipulating the planned areas for initial dedicated public art display on Treasure Island; however, the Policy does allow for review of Proposals for temporary installations on other areas of the Island based on the alternate sites appropriateness for the specific Proposal and elements of the Proposal which could not be replicated in the designated areas. The artist will be responsible for any and all necessary maintenance to the work throughout the term of the Permit and for assuring a safe and secure work environment throughout the installation and deinstallation process.

Exhibit D is the template Use Permit for Temporary Display of Public Art on Treasure Island, to be entered into between TIDA and the Artist prior to installation of the Work on Treasure Island. The Use Permit for Temporary Display of Public Art follows the standard form of the TIDA Special Events Use Permit, but has specific terms and conditions modified to reflect the specific use of space for display of public art that the Permit governs. Attachment B is a final version of the Use Permit.

Upon execution of the Permit, the artist shall be allowed to install the Work and have it displayed at the designated location throughout the term of the Permit. The artist shall arrange a day or set of days when, if requested, he or she will be available to the on-Island schools and community organizations wishing to have a presentation or question and answer session with the artist regarding the work. The Project Office will publicize the Work and its public placement and accessibility on Treasure Island, as well as identify the artist responsible for the Work.

Upon expiration of the term of the Permit, the artist shall be expected to deinstall the Work and return the location to the condition in which it was provided, reasonable wear and tear excepted. Extensions of term are anticipated to occur should the Work demonstrate a sizable public interest, or if there are no additional approved Proposals currently awaiting placement after the Work in question. Extension of the term shall be by mutual agreement of both parties, and the extended term shall be for a period determined by the DIO and agreed upon by both parties. The DIO will have the discretion to extend the term for an additional period of time.

Temporary Nature of Public Art Installation

Proposals for installation of works of art on Treasure Island are temporary installations with a determined display length. Temporary art installations placed on Treasure Island under the Policy shall not be considered gifts to TIDA or the City, nor shall the Permit for temporary installation be considered acknowledgment or guarantee of either a longer-term temporary installation nor a guarantee or acknowledgment of the potential incorporation of said Work into the forthcoming Public Art Plan for the redevelopment of former Naval Station Treasure Island. Any such inquires or requests shall not be considered by the Project Office as part of the temporary public-art program, and instead shall be forwarded to the Office of Joint Development.

- Exhibit A: Policy for Temporary Public Art Installation on Treasure and Yerba Buena Islands
- Exhibit B: Temporary Public Art Installation on Treasure Island Proposal Form
- Exhibit C: Map of Locations for Temporary Display of Public Art on Treasure Island
- Exhibit D: Use Permit for Installation and Display of Public Art

Prepared by: Peter Summerville, Leasing Manager
For: Mirian Saez, Director of Island Operations

[Resolution to establish a Temporary Public Art Policy and Procedure]

Resolution Establishing a Policy and Procedure for Temporary Public Display of Original Works of Art on Treasure and Yerba Buena Islands

WHEREAS, Former Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United States of America ("the Federal Government"); and,

WHEREAS, The Base was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97 authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Act"), the California Legislature (i) designated the Authority as a redevelopment agency under the California Redevelopment Law with authority over the Base upon approval of the City's Board of Supervisors, and (ii) with respect to those portions of the Base which are subject to Tidelands Trust, vested in the Authority the authority to administer the public trust for commerce, navigation and fisheries as to such property; and,

WHEREAS, The Authority wishes to encourage on-Island beautification and promote public education and cultural enrichment for residents and visitors to the Islands through the display of original works of art in public areas on Treasure and Yerba Buena Islands. and:

WHEREAS, The Authority wishes to establish a Policy which will guide the process of accepting and reviewing proposals for temporary public installations of works of art on Treasure and Yerba Buena Islands; and,

WHEREAS, The Authority wishes to establish a policy for permitting the temporary installation and display of works of public art on Treasure and Yerba Buena Island; and,

WHEREAS, This Policy will allow the Director of Island Operations to consistently and expeditiously enter into Use Permit agreements for the temporary installation of works of public art on Treasure Island and Yerba Buena Islands; now therefore be it

RESOLVED, That the Authority hereby establishes a Policy and Procedure for Temporary Public Display of Original Works of Art on Treasure and Yerba Buena Islands and adopts a standard Use Permit for Public Display of Original Works of Art in substantially the forms attached hereto as Exhibit A; and be it

FURTHER RESOLVED, That the Board of Directors hereby authorizes the Director of Island Operations to enter into any additions, amendments or other modifications to the Policy and the Use Permit that the Director of Island Operations determines in consultation with the City Attorney are in the best interests of the Authority, that do not materially increase the obligations or liabilities of the Authority, that do not materially reduce the rights of the Authority, and are necessary or advisable to complete the preparation and approval of the Policy and the Use Permit, such determination to be conclusively evidenced by the execution and delivery by the Director of Island Operations of the documents and any amendments thereto.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at the Properly noticed special meeting on November 12, 2008.

John Elberling, Secretary

Item 8D EXHIBIT A
Policy and Procedure for Temporary Public Display
of Original Works of Art
on Treasure and Yerba Buena Islands

Objective:

In order to foster artistic appreciation and on-Island beautification, the Treasure Island Development Authority (TIDA) shall make available pre-identified areas of unimproved land, outdoor wall space, and indoor wall space located on Treasure and Yerba Buena Islands for the temporary installation and display of original works of art (Work). In consideration of the educational and public beautification benefits inherent in public display of art, TIDA shall designate specific land for temporary display of original works of art at no land use fee to the Artist.

Submittal of Proposal:

Artists wishing to display their original Work on Treasure Island shall initially submit to TIDA a "Proposal for Public Art Display" ("Proposal") form and accompanying images of the Work(s) of art proposed for display. The proposal shall be submitted no later than 6 months prior to the proposed installation date. TIDA shall provide initial written confirmation to the Artist of receipt of the Proposal.

The Proposal shall include:

- Information regarding the medium and method of construction of the Work and the planned method and process of installation.
- Dimensions of the Work.
- All additional considerations or resources required for installation and display.
- Information regarding any moving parts or mechanical pieces the Work possesses.
- Proposed dates for display.
- Proof of funding.
- Three images of the Work proposed for installation which truthfully represent the dimensions of the Work.

The Proposal shall highlight any funding required for installation and display of the Work as well as the sources of such funding. The Artist shall be responsible for all costs associated with the transport, installation, display and deinstallation of the Work. The Proposal shall be considered incomplete and not eligible for review should it lack any information or not include the required images. Proposals shall not be considered until all required information is provided to TIDA. Proposals shall be received and reviewed in chronological order of receipt by the Project Office.

Review of Proposal:

Upon receipt of a complete Proposal by TIDA, it shall be submitted for review to a panel comprised of representatives of the San Francisco Arts Commission, the United States Navy Caretaker Site Office and the Treasure Island Project Office (Panel). Additionally, any installation which calls for digging holes, staking or any other

groundbreaking which may impact or be in the vicinity of underground utility or irrigation lines shall be subject to review by the Public Utilities Commission and on-Island landscaping representatives.

The Proposal shall be reviewed by this Panel to assess the Work appropriateness for public viewing by people of all ages and the impact of installation and display on existing infrastructure, lands or facilities at the proposed on-Island location. The Panel shall provide individual feedback and comments on the Proposal no later than three (3) months prior to the proposed installation date.

The Director of Island Operations ("DIO") shall receive the Panel's recommendations or review and make final approval or rejection of the Proposal via written notice to the proposing Artist. The DIO shall retain the right to accept or reject the recommendation of the Panel in making the determination to approve or deny the Proposal based on the appropriateness of the Work for public display and its direct and peripheral impact on the Island community, facilities and infrastructure. If several proposals are received simultaneously and subsequently deemed appropriate for approval by the Director of Island Operations, Project Staff shall either install several Works at one site, pending approval by all Artists involved, or schedule the installations one after the other, with a time period allowing for a fair length of display for the multiple Works in question. In that there are multiple on-Island sites, the determination regarding specific sites for each installation shall be made by the Director of Island Operations.

Non-Discrimination in Selection Process:

Selection of the Work for public display shall be non-discriminatory in that Work shall not be selected or rejected on the basis of the fact or perception of the Artist's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), weight, height, association with members of classes protected under Chapter 12C of the Administrative Code of the City and County of San Francisco, or in retaliation for opposition to any practices forbidden under Chapter 12C.

Installation and Display:

Upon approval of the Proposal, the DIO shall report to the Authority Board on the approval of the Proposal and intent to enter into a short-term Use Permit for exhibit of public art, and provide to the Authority Board the name of the Artist, location of installation, nature of Work of art and term of installation.

Artist and TIDA shall enter a short-term Use Permit specific to the installation and display of Public Art on former Naval Station Treasure Island for the specific unimproved land or the interior space where the Work is to be installed. Installation of the Work shall be at the areas on Treasure Island specifically designated for Public Art display, as more specifically shown on Attachment A to this Policy. The DIO shall reserve the right to approve Proposals at alternative locations on former Naval

Station Treasure Island and to allow installation of Works under the terms and conditions of this Policy at locations not designated on Attachment A, should it be determined that a specific alternative site for the proposed Work is best suited for installation at, or unique to, an alternative site on Treasure or Yerba Buena Islands.

The Use Permit will follow the form of the standard TIDA Use Permit document, and shall additionally include sections dealing specifically with the installation, display, maintenance and deinstallation of the specific Work during the entire term of its display on-Island. Variance from the terms of the Use Permit or installation of Works of art not referenced in the Use Permit document shall be deemed cause for default of Use Permit, and shall be cause for the DIO to demand immediate removal of the Work. Additionally, the DIO shall reserve the right to terminate the Use Permit should the installation area be deemed necessary for immediate critical use by TIDA in furtherance of day-to-day operations on the Island or in response to an emergency or disaster scenario. TIDA shall reserve the right to require an appropriate refundable Security Deposit from the Artist to protect the land or structures from any anticipated damages caused by direct result of the installation, display or deinstallation of the Work.

Use Permits shall have initial terms of no longer than six (6) months, with shorter terms being possible as well. Extension of the initial term of the Use Permit shall be by mutual agreement of the DIO and the Artist. All extensions shall be executed no later than thirty (30) days prior to the expiration of the original Use Permit.

Public Benefit:

During period of installation, Artist shall make all best efforts to be available in a reasonable manner to on-Island schools or community-based organizations wishing to have a presentation made about the artwork and the Artists' background. Artist shall allow TIDA the right to use images and depictions of the Work in a non-commercial manner for the purpose of general promotion and marketing of Treasure and Yerba Buena Islands, and in printed, graphic and on-line materials used to further promotion and marketing of Treasure and Yerba Buena Islands.

Temporary Nature of Installations:

Through the Use Permit process, the Artist shall acknowledge that the installation of the Work is temporary and display is only guaranteed during the term of the Use Permit. Granting of the Use Permit for temporary public display in no way implies TIDA acceptance of the Work as a gift, or guarantees the Work a permanent or perpetual installation on-Island. Any questions or proposals for long-term installation of public art on-Island as part of the planned redevelopment of former Naval Station Treasure Island shall be directed to the City and County of San Francisco's Office of Joint Development.

ATTACHMENT A: Locations for Public Display of Works of Art on Treasure Island

ATTACHMENT B: Use Permit for Public Display of Works of Art on Treasure Island

**ITEM 8D EXHIBIT B
PROPOSAL FOR TEMPORARY INSTALLATION
OF PUBLIC ART ON
FORMER NAVAL STATION TREASURE ISLAND**

(If necessary, answers to Questions 3 through 6 may be submitted on additional attached pages to allow for longer answers.)

1.) Name of Artist: _____

Address: _____

Phone: _____

E-mail: _____

Name of Work of Art proposed for temporary installation:

2.) Dimensions of Work proposed:

Maximum Height: _____

Maximum Width: _____

Width at Base: _____

Total Weight (incl. display materials): _____

3.) Medium and method of construction and installation (please list all major materials and structural elements either used in the work or necessary for installation and display):

- 4.) a.) Please describe the method and process of installation of the proposed Work and any additional requirements for static display, (including but not limited to any additional equipment, manpower, utilities or other resources necessary) :

- b.) Please list all elements of transport, installation, display and deinstallation of Work which will require outside funding, and indicate the presence of specific funding sources for each element listed:

- 5.) Please list any additional information or background on the Work that you feel is important or necessary to assist in review of this Proposal:

- 6.) Please list up to three of your previous works of art (if any) that have been installed in public areas, including the name of the work and city, state and date of installation:

- 7.) Please attach no less than 3 (three) images of the work to this proposal and return to the address listed below.

**PROPOSALS SUBMITTED WITHOUT IMAGES AND/OR
WITHOUT ALL REQUIRED INFORMATION WILL NOT BE
CONSIDERED AND INSTEAD RETURNED TO THE PROPOSER
IMMEDIATELY.**

Please submit complete proposals to:

Treasure Island Development Authority
Attn: Public Art Program
410 Avenue of the Palms, Bldg. 1, 2nd Floor
Treasure Island
San Francisco, CA 94130

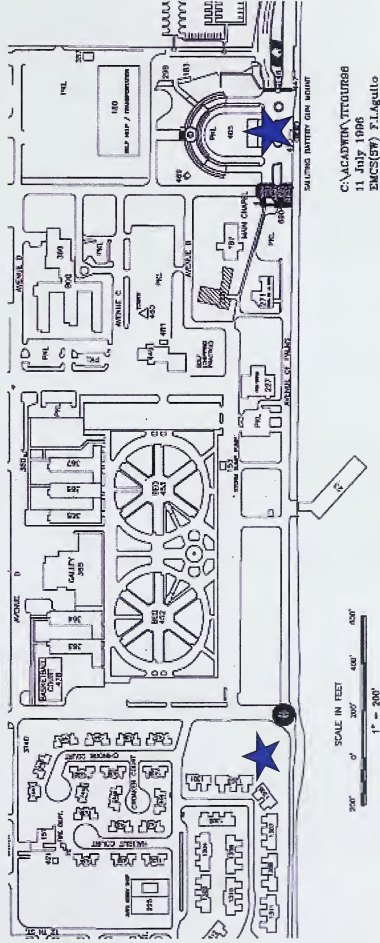
Please direct questions to TIDA Project Office at (415) 274-0660

####

Temporary Public Art Display Areas Former Naval Station Treasure Island

1. Building One Parking Lot

2. Avenue of the Palms at 9th Street



**ITEM 8D Exhibit D
USE PERMIT
FOR INSTALLATION AND DISPLAY OF PUBLIC ART**

THIS USE PERMIT (this "Permit") dated for reference only as of _____, 200__, is made by and between the Treasure Island Development Authority ("Authority") and [Insert artist name here]("Permittee").

RECITALS

WHEREAS, pursuant to that certain Lease between the United States of America and Treasure Island Development Authority for [South Waterfront/Land and Structures] Naval Station Treasure Island (the "Master Lease"), by and between the Authority and the Department of Navy (the "Navy"), a copy of which is attached hereto as Exhibit A, the Authority has the right to use that certain property located on Naval Station Treasure Island (the "Property"), as more particularly described in the Master Lease; and

WHEREAS, Permittee seeks to use a portion of the Property for the purposes stated herein, subject to the terms and conditions of this Permit.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, Authority and Permittee agree as follows:

1. Basic Permit Information

The following is a summary of the basic permit information (the "Basic Permit Information"). Each item below shall be deemed to incorporate all of the terms of this Permit pertaining to such item. In the event of any conflict between the information in this Section and any more specific provision of the Permit, the more specific provision shall control.

Authority:	TREASURE ISLAND DEVELOPMENT AUTHORITY, a California nonprofit public benefit corporation
Permittee:	[Insert artist name], a _____
Artwork:	The work of art entitled [Insert name of work of art], as more particularly described in <u>Exhibit B</u> , attached hereto.
Premises (Section 2):	That certain portion of the Property commonly known as [the unimproved area of land located at Avenue of the Palms and 9 th Street/the paved area of land located within the Building 1 parking lot at California Avenue and Avenue of the Palms], all as more particularly shown on <u>Exhibit C</u> , attached hereto.
Structural Report (Section 5):	None

Permitted Use (Section 6):

Installation, public display and deinstallation of the Artwork in accordance with the Authority's Policy and Procedure for Temporary Public Display of Original Works of Art, a copy of which is attached hereto as Exhibit D.

Parking Rights (Section 7):

Up to five (5) vehicles may be parked in the area designated for parking on Exhibit E, attached hereto during the construction, installation and deinstallation of the Artwork.

Permit Fees (Section 11):

Waived in consideration of the public benefits that Permittee is providing to Authority, residents of Treasure Island and the City and County of San Francisco through the public display of the Artwork described above.

Term (Section 12):

Commencement Date and Time:

_____, 200_ at _____.M.

Expiration Date and Time:

_____, 200_ at _____.M.

Utilities (Section 19):

[Describe Permittee's responsibility for utilities. If Permittee is not responsible for any utilities, insert "Not applicable."]

Insurance Limits (Section 21):

Worker's Compensation Insurance - statutory amounts

Employers' Liability Coverage with limits of not less than \$1,000,000 for each accident or occurrence

Comprehensive or Commercial General Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage

Comprehensive or Business Automobile Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage

Address for Notices (Section 26):

Authority:

Treasure Island Development Authority
410 Avenue of the Palms
Building 1, 2nd Floor
Treasure Island
San Francisco, CA 94130
Attn.: Director of Island Operations
Phone No.: (415) 274-0660
Fax No.: (415) 274-0299

Permittee:

Attn.: _____
Phone No.: _____
Fax No.: _____

Security Deposit (Section 33):

_____ Dollars (\$_____)

2. **License of Premises.** Authority confers to Permittee a revocable, personal, non-exclusive and non-possessory license to enter upon and use the Premises described in the Basic Permit Information for the limited purpose and subject to the terms, conditions and restrictions set forth below.

This Permit does not constitute a grant to Permittee of any ownership, leasehold, easement or other property interest or estate in the Premises. Authority is acting only in its proprietary capacity in granting the license given to Permittee under this Permit. Permittee acknowledges that (i) such grant is effective only insofar as Authority's rights in the Premises; and (ii) Permittee must separately obtain all regulatory approvals of Authority, the City and County of San Francisco ("City") or any other applicable governmental entity necessary for the Permitted Uses. Permittee shall bear all costs or expenses of any kind in connection with its use of the Premises or any other Master Lease Property.

3. **Inspection of Premises.** Permittee represents and warrants that Permittee has conducted a thorough and diligent inspection and investigation, either independently or through its officers, directors, employees, agents, affiliates, subsidiaries, licensees and contractors, and their respective heirs, legal representatives, successors and assigns, and each of them ("Permittee's Agents"), of the Premises and the suitability of the Premises for Permittee's intended use. Permittee is fully aware of the needs of its operations and has determined, based solely on its own investigation, that the Premises are suitable for its operations and intended uses.

4. **As Is; Disclaimer of Representations.** Permittee acknowledges and agrees that the Premises are being licensed and accepted in their "AS IS, WITH ALL FAULTS" condition, without representation or warranty of any kind, and subject to all applicable laws, statutes, ordinances, resolutions, regulations, proclamations, orders or decrees of any municipal, county, state or federal government or other governmental or regulatory authority with jurisdiction over the Premises, or any portion thereof, whether currently in effect or adopted in the future and whether or not in the contemplation of the Parties ("Laws"), governing the use, occupancy, management, operation and possession of the Premises. Without limiting the foregoing, this Permit is made subject to any and all covenants, conditions, restrictions, easements and other title matters affecting the Premises, or any portion thereof, whether or not of record. Permittee acknowledges and agrees that neither Authority nor any of its officers, directors, employees,

agents, affiliates, subsidiaries, licensees and contractors, and their respective heirs, legal representatives, successors and assigns ("Authority's Agents") have made, and Authority hereby disclaims, any representations or warranties, express or implied, concerning (i) title or survey matters affecting the Premises, (ii) the physical, geological, seismological or environmental condition of the Premises, (iii) the quality, nature or adequacy of any utilities serving the Premises, (iv) the feasibility, cost or legality of installing, displaying and deinstalling the Artwork, (v) the safety of the Premises, whether for the use of Permittee or any other person, including Permittee's Agents or Permittee's clients, customers, vendors, invitees, guests, members, licensees, assignees or permittees ("Permittee's Invitees"), or (vi) any other matter whatsoever relating to the Premises or their use, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose.

5. Seismic Report and Structural Report. Without limiting Section 4 above, Permittee expressly acknowledges for itself and Permittee's Agents that it received and read that certain report dated August 1995, entitled "*Treasure Island Reuse Plan: Physical Characteristics, Building and Infrastructure Conditions*," prepared for the Office of Military Base Conversion, Department of City Planning, and the Redevelopment Agency of the City and County of San Francisco (the "Seismic Report"), a copy of the cover page of which is attached hereto as Exhibit F. Permittee has had an adequate opportunity to review the Seismic Report with expert consultants of its own choosing. The Seismic Report, among other matters, describes the conditions of the soils on Treasure Island and points out that in the area of the Property where the Premises are located, an earthquake of magnitude 7 or greater is likely to cause the ground under and around the Premises to spread laterally to a distance of ten (10) or more feet and/or result in other risks. In that event, there is a significant risk that buildings and any other structures or improvements located on or about the Premises may fail structurally and collapse. Permittee further expressly acknowledges for itself and Permittee's Agents that it received and read that certain Structural Report identified in the Basic Permit Information, a copy of which is attached hereto as Exhibit G (the "Structural Report").

6. Use of Premises. Permittee may enter and use the Premises for the sole purpose described in the Basic Permit Information. Permittee shall not use, and Permittee shall prohibit Permittee's Agents and Permittee's Licensees from using, the Premises for any activities other than the Permitted Uses. Permittee shall not install any works of art other than the Artwork described in the Basic Permit Information. Permittee agrees that, by way of example only and without limitation, the following uses of the Premises by Permittee, or any of Permittee's Agents or Permittee's Invitees, or any other person claiming by or through Permittee, are inconsistent with the limited purpose of this Permit and are strictly prohibited as provided below:

(a) Hazardous Material. Permittee shall not cause, nor shall Permittee allow any of Permittee's Agents or Permittee's Invitees to cause, any Hazardous Material (as defined below) to be brought upon, kept, used, stored, generated or disposed of in, on or about the Premises, or transported to or from the Premises without the prior written consent of Authority. Permittee shall immediately notify Authority when Permittee learns of, or has reason to believe that, a release of Hazardous Material has occurred in, on or about the Premises. Permittee shall further comply with all laws requiring notice of such releases or threatened releases to governmental agencies, and shall take all action necessary to mitigate the release or minimize the spread of contamination. In the event that Permittee or Permittee's Agents or Permittee's Invitees cause a release of Hazardous Material, Permittee shall, without cost to Authority and in accordance with all laws and regulations, return the Premises to the condition immediately prior to the release. In connection therewith, Permittee shall afford Authority a full opportunity to participate in any discussion with governmental agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree or other compromise proceeding involving Hazardous Material. For purposes hereof, "**Hazardous**

Material" means material that, because of its quantity, concentration or physical or chemical characteristics, is at any time now or hereafter deemed by any federal, state or local governmental authority to pose a present or potential hazard to public health, welfare or the environment. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance, pollutant or contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sections 9601 *et seq.*, or pursuant to Section 25316 of the California Health & Safety Code; a "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the Premises or are naturally occurring substances in the Premises, and any petroleum, including, without limitation, crude oil or any fraction thereof, natural gas or natural gas liquids. The term "release" or "threatened release" when used with respect to Hazardous Material shall include any actual or imminent spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing in, on, under or about the Premises.

(b) **Nuisances.** Permittee shall not conduct any activities on or about the Premises that constitute waste, nuisance or unreasonable annoyance (including, without limitation, emission of objectionable odors, noises or lights) to Authority, to the owners or occupants of neighboring property or to the public.

(c) **Damage.** Permittee shall not do anything about the Premises that could cause damage to the Premises or any Authority property.

7. **Parking.** Permittee shall be allowed to park up to the number of vehicles set forth in the Basic Permit Information in the area designated for parking on Exhibit E attached hereto. To the extent practicable, Permittee shall use its best efforts to encourage ride-sharing, the use of shuttle busses or other pooled-means of transportation to and from the Premises.

8. **Resource Conservation and Sustainability.** Authority is committed to managing the Premises in as sustainable a manner as possible. In addition to Permittee's compliance with the requirements of Section 32 below, Permittee shall use its best efforts to conduct its operations in accordance with sustainable practices and all applicable provisions of the San Francisco Environment Code.

9. **Subject to Authority and City Uses.** Notwithstanding anything to the contrary in this Permit, Permittee's right to use the Premises hereunder shall be subject and subordinate to Authority and City's uses of the Premises for municipal purposes. In addition, Permittee acknowledges that the Property contains a variety of different event venues and outdoor public spaces and it is common for numerous events to be held at various venues on the Property on the same day.

10. **Alterations.** Except as otherwise expressly provided herein, Permittee shall not construct or place any temporary or permanent structures, improvements or signs in, on, under or about the Premises, nor shall Permittee make any alterations, installations or additions ("Alterations") to any of the existing structures, improvements or signs on the Premises, unless Permittee first obtains Authority's prior written consent, which Authority may give or withhold in its sole and absolute discretion. Subject to Authority's consent as provided above, any permitted Alterations shall be done at Permittee's sole expense (i) in strict accordance with plans and specifications approved in advance by Authority in writing, (ii) by duly licensed and bonded contractors approved by Authority, (iii) in a good and professional manner, (iv) in strict compliance with all applicable laws and regulations, and (v) subject to all other conditions that Authority may reasonably impose. Upon termination of this Permit, Permittee shall remove all

Alterations constructed or affixed to the Premises by or on behalf of Permittee and repair, at its sole cost and expense, any damage to the Premises caused by the installation or removal of such Alterations.

Without limiting the generality of the foregoing, Permittee acknowledges and agrees that, pursuant to Section 15 of the Master Lease, no Alterations may be made to any improvements on the Premises (i) which will affect the historic characteristics of the improvements or modify the appearance of the exterior of the improvements without Navy's and Authority's prior written consent, or (ii) if such Alterations would preclude qualifying the improvements for inclusion on the National Register for Historic Places.

11. Copyright License and Waiver of Rights under Visual Artists Rights Act.

(a) **Unique.** Permittee hereby represents and warrants that all of the Artwork and materials to be furnished by Permittee under this Permit do not infringe upon or violate any personal or property rights of others, including but not limited to copyright, trademark, trade secrets, patents, rights of privacy and publicity, and that the work and materials are not libelous or obscene. Subject to usage rights and licenses granted to Authority hereunder, Permittee shall retain all 17 U.S.C. §106 copyrights in all original works of authorship produced under this Permit.

(b) **Copyright License.** Permittee hereby grants Authority and Authority's employees, officials, agents, contractors and assigns, a perpetual, unlimited, non-exclusive and irrevocable license to use, display and reproduce Permittee's Artwork and any corresponding identifying information or written material Permittee installs at the Premises under this Permit (hereinafter collectively the "Artwork and Related Material") for any purpose, in all forms and media and in all manners and to authorize the making, display and distribution of, reproductions of the Artwork and Related Material, in its sole discretion. Permittee understands that Permittee will not be entitled to any compensation or royalty payment from the Authority for such reproductions or for its participation under this Permit.

(c) **Permittee's Rights Waiver.** Permittee further agrees to waive and does hereby waive voluntarily all rights to attribution and integrity with respect to the Work and any and all claims as may arise under the Visual Artists Rights Act of 1990, 17 U.S.C. §§106A and 113(d), or any other local, state foreign or international law, as currently drafted or as may be hereafter amended, that conveys the same or similar rights ("Moral Rights Laws"), with respect to the Artwork, its display, removal from display, exhibition, installation, conservation, storage, study, alteration and any other activities conducted by the Authority, its officers, employees, agents, contractors, licensees, successors or assigns. If the Artwork is incorporated into a building such that the Artwork cannot be removed from the building without physical defacement, mutilation, alteration, distortion, destruction, or other modification (collectively, "Modification") of the Artwork, Permittee waives any and all such claims under any Moral Rights Laws arising out of or against any current or future owners of the site, and its agents, officers and employees, for Modification of the Artwork.

Permittee acknowledges that all such decisions concerning the Artwork shall be made in the sole discretion of the Authority, its officers, employees, agents, contractors, licensees, successors or assigns. Permittee further acknowledges that it retains no rights in and to the Artwork itself nor to any design, sketches, drawings, maquettes, models, slides, photographs or other related materials with regard to attribution and integrity of the Artwork. In addition, to the extent such rights may not be waived, Permittee covenants not to assert such rights against the Authority, its officers, employees, agents, contractors, licensees, successors or assigns.

The Authority has no obligation to pursue claims against third parties for modifications or damage to the Artwork done without the Authority's authorization. However, the Authority may pursue claims against third parties for modifications or damage or to restore the Artwork if the Artwork has been modified without the Authority's authorization. In the event that the Authority pursues such a claim, it shall notify the Permittee, and Permittee shall cooperate with the Authority's efforts to prosecute such claims.

If Authority modifies the Artwork without Permittee's consent in a manner that is prejudicial to Permittee's reputation, Permittee retains the right to disclaim authorship of the Artwork in accordance with 17 U.S.C. §106A(a)(2).

Permittee understands the effect of this waiver and hereby acknowledges that Permittee is surrendering the rights described herein with respect to the Artwork.

12. Term of Permit; Revocability. The privilege conferred to Permittee pursuant to this Permit shall commence on Commencement Date and Time set forth in the Basic Permit Information and shall automatically expire on the Expiration Date and Time set forth in the Basic Permit Information, unless amended in writing or sooner terminated or revoked pursuant to the terms hereof. Moreover, if the Master Lease terminates for any reason whatsoever, this Permit shall automatically terminate. Without limiting any of its rights hereunder, Authority may revoke this Permit at any time prior to the Expiration Date and Time, without cause and without any obligation to pay any consideration to Permittee.

Permittee hereby acknowledges that the installation of the Artwork at the Premises is temporary. The granting of this Permit in no way implies the Authority's acceptance of the Artwork as a gift or guarantees the permanent or perpetual installation of the Artwork on the Property.

13. Compliance with Laws. Permittee shall, at its expense, conduct and cause to be conducted all activities on the Premises allowed hereunder in a safe and reasonable manner and in compliance with all laws, regulations, ordinances and orders of any governmental or other regulatory entity (including, without limitation, the Americans with Disabilities Act) whether presently in effect or subsequently adopted and whether or not in the contemplation of the parties. Such laws shall include, but are not limited to, local, state and federal laws prohibiting discrimination in employment and public accommodations. Permittee shall, at its sole expense, procure and maintain in force at all times during its use of the Premises any and all business and other licenses or approvals necessary to conduct the activities allowed hereunder. Permittee understands and agrees that Authority is entering into this Permit in its capacity as a property owner with a proprietary interest in the Premises and not as a regulatory agency with police powers. Permittee further understands and agrees that no approval by Authority for purposes of this Permit shall be deemed to constitute approval of any federal, state, Authority or other local regulatory authority with jurisdiction, and nothing herein shall limit Permittee's obligation to obtain all such regulatory approvals at Permittee's sole cost or limit in any way Authority's exercise of its police powers. Without limiting the foregoing, before beginning any work in the Premises and/or using the Premises, Permittee at its sole cost and expense shall obtain any and all permits, licenses and approvals (collectively, "approvals") of all regulatory agencies and other third parties that are required to commence and complete the permitted work and use the Premises including, but not limited to, approvals required by the San Francisco Fire Department (e.g. General Assembly, Tent, Open Flame, Propane, etc.), the San Francisco Police Department (e.g., alcohol consumption and/or sales), the San Francisco Entertainment Commission (e.g., Loudspeaker, Itinerant Show, etc.), San Francisco Department of Building Inspection (e.g., electrical), the San Francisco Department of Health, and the California Department of Alcoholic Beverage Control (e.g., alcohol consumption and/or

sales). Permittee shall provide copies of all such approvals to Authority prior to Permittee's use of the Premises.

14. Intentionally Omitted.

15. Rules and Regulations. In connection with the Permittee's use hereunder, Permittee shall comply with the Rules and Regulations attached hereto as Exhibit E. Authority reserves the right, in its sole discretion, to change such Rules and Regulations as necessary to promote or protect the public safety, health or convenience. Authority shall give Permittee reasonable prior notice of such changes; provided, however, that no such prior notice shall be required in emergency situations. **[Peter – should this reference the Policy instead of the Rules and Regs?]**

16. Surrender. Upon the expiration of this Permit, Permittee shall surrender the Premises in the same condition as received, free from hazards and clear of all debris. At such time, Permittee shall deinstall the Artwork and remove all of its property from the Premises permitted hereunder, and shall repair, at its cost, any damage to the Premises caused by such removal. Permittee's obligations under this Section shall survive any termination of this Permit.

17. Repair of Damage. If requested by Authority, Permittee shall promptly, at its sole cost and expense, repair any and all damage to the Premises and any personal property located thereon caused by Permittee or Permittee's Agents or Invitees. Permittee shall obtain Authority's prior written approval of any party to be used by Permittee to conduct such repair work. Alternatively, Authority may make such repairs or behalf of Permittee at Permittee's sole cost and expense. If Permittee damages Authority or Navy facilities or any personal property, the final repair costs owed by Permittee shall be determined by Authority in its sole and absolute discretion, and shall be paid by Permittee within five (5) days after Permittee's demand therefor. Permittee's obligations under this Section shall survive the cancellation, expiration or termination of this Permit.

18. Public Safety. Permittee agrees to conduct the Permitted Uses at all times in a safe and prudent manner with full regard to the public safety and to observe all applicable regulations and requests of Authority and other government agencies responsible for public safety.

19. Utilities. Authority has no responsibility or liability of any kind with respect to any utilities that may be on, in or under the Premises. Permittee shall locate any such utilities and protect them from damage arising out of Permittee's activities. Permittee shall be solely responsible for arranging and paying for all utilities necessary in connection with the Permitted Uses as set forth in the Basic Permit Information. Any such payment shall be due and payable within five (5) days after demand therefor.

20. Release and Waiver of Claims; Indemnification

20.1. Release and Waiver of Claims. Permittee, on behalf of itself and Permittee's Agents, covenants and agrees that the Authority shall not be responsible for or liable to Permittee for, and, to the fullest extent allowed by any Laws, Permittee hereby waives all rights against the Authority and releases them from, any and all claims, demands, losses, liabilities, damages, liens, injuries, penalties, fines, lawsuits and other proceedings, judgments and awards and costs and expenses, including, without limitation, reasonable attorneys' and consultants' fees and costs ("Losses"), including, but not limited to, incidental and consequential damages, relating to any injury, accident or death of any person or loss or damage to any property, in or about the Premises, from any cause whatsoever, including without limitation, partial or

complete collapse of the buildings thereon due to an earthquake or subsidence, except only to the extent such Losses are caused exclusively by the gross negligence or willful misconduct of the Authority (except as provided in Section 20.1(a) below). Without limiting the generality of the foregoing:

(a) Without limiting any other waiver contained herein, Permittee on behalf of itself and its successors and assigns, hereby waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Authority from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way be connected with the Authority's decision to allow Permittee to use the Premises, regardless of whether or not such decision is or may be determined to be an act of gross negligence or willful misconduct of the Authority.

(b) Permittee covenants and agrees never to file, commence, prosecute or cause to be filed, commenced or prosecuted against the Authority any claim, action or proceeding based upon any claims, demands, causes of action, obligations, damages, losses, costs, expenses or liabilities of any nature whatsoever encompassed by the waivers and releases set forth in this Section 20.1.

(c) In executing these waivers and releases, Permittee has not relied upon any representation or statement other than as expressly set forth herein.

(d) Permittee has made such investigation of the facts pertaining to these waivers and releases as it deems necessary and assumes the risk of mistake with respect to such facts. These waivers and releases are intended to be final and binding on Permittee regardless of any claims of mistake.

(e) In connection with the foregoing releases, Permittee acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

20.2. Acknowledgment. Permittee acknowledges that the releases contained herein include all known and unknown, disclosed and undisclosed, and anticipated and unanticipated claims. Permittee realizes and acknowledges that it has agreed upon this Permit in light of this realization and, being fully aware of this situation, it nevertheless intends to waive the benefit of Civil Code Section 1542, or any statute or other similar law now or later in effect. The waivers and releases contained herein shall survive any termination of this Permit.

20.3. Permittee's Indemnity. Permittee, on behalf of itself and Permittee's Agents, shall indemnify, protect, defend and hold harmless forever ("Indemnify") the Authority from and against any and all Losses, expressly including but not limited to, any Losses arising out of a partial or complete collapse of any building located on the Premises due to an earthquake or subsidence, incurred in connection with or arising directly or indirectly, in whole or in part, out of: (a) any damage to or destruction of any property owned by or in the custody of Permittee or Permittee's Agents or Permittee's Invitees; (b) any accident, injury to or death of a person, including, without limitation, Permittee's Agents and Permittee's Invitees, howsoever or by whomsoever caused, occurring in, on or about the Premises; (c) any default by Permittee in the observation or performance of any of the terms, covenants or conditions of this Permit to be

observed or performed on Permittee's part; (d) the use, occupancy, conduct or management, or manner of use, occupancy, conduct or management by Permittee, Permittee's Agents or Permittee's Invitees or any person or entity claiming through or under any of them, of the Premises or any Alterations; (e) the condition of the Premises; (f) any construction or other work undertaken by Permittee on or about the Premises whether before or during the Term of this Permit; or (g) any acts, omissions or negligence of Permittee, Permittee's Agents or Permittee's Invitees, or of any trespassers, in, on or about the Premises or any alterations; except to the extent that such Indemnity is void or otherwise unenforceable under any applicable Laws in effect on or validly retroactive to the date of this Permit and further except only to the extent such Losses are caused by the gross negligence and intentional wrongful acts and omissions of the Authority. Notwithstanding the foregoing, Permittee's obligations to indemnify the Authority under this Section 20.3 shall remain in full force and effect regardless of whether or not the Authority's decision to permit the Premises to the Permittee, given the seismic condition of the property, is or may be determined to be an act of gross negligence or willful misconduct of the Authority. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and Authority's costs of investigating any Loss. Permittee specifically acknowledges and agrees that it has an immediate and independent obligation to defend Authority from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Permittee by Authority and continues at all times thereafter. Permittee's obligations under this Section shall survive the expiration or sooner termination of this Permit. Notwithstanding anything contained herein, to the extent such Losses are not covered by insurance required herein and subject to this Section 20.3, Permittee shall have no obligation to repair, restore or reconstruct the Premises (or to pay for the same) in the event the Premises are damaged or destroyed by an earthquake or subsidence or by any other uninsured casualty.

21. INSURANCE

21.1. Permittee's Insurance. Permittee shall procure and maintain throughout the Term of this Permit and pay the cost thereof the following insurance:

(a) If Permittee has employees, Worker's Compensation Insurance in statutory amounts, with Employers' Liability Coverage with limits of not less than the amount set forth in the Basic Permit Information; and

(b) Comprehensive or Commercial General Liability Insurance with limits not less than the amount set forth in the Basic Permit Information, including coverage for Contractual Liability, Host Liquor Liability, Personal Injury, Advertising Liability, Independent Contractors, Explosion, Collapse and Underground (XCU), Broad Form Property Damage, Products Liability, Completed Operations and Sudden and Accidental Pollution; and

(c) Comprehensive or Business Automobile Liability Insurance with limits not less than the amount set forth in the Basic Permit Information, including coverage for owned, non-owned and hired automobiles, if applicable, which insurance shall be required if any automobiles or any other motor vehicles are operated in connection with Permittee's activity on, in and around the Premises; and

(d) Such other insurance as required by law or as the City's Risk Manager may require.

21.2. Claims Made Policy. Should any of the required insurance be provided under a claims-made form, Permittee shall maintain such coverage continuously throughout the term of this Permit, and, without lapse, for two (2) years beyond the expiration of this Permit, to the effect that, should occurrences during the Term give rise to claims made after expiration of this Permit, such claims shall be covered by such claims-made policies.

21.3. Annual Aggregate Limit. Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit shall be not less than double the occurrence limits specified above.

21.4. Additional Insureds. Liability policies shall be endorsed to name as additional insureds the "Treasure Island Development Authority, City and County of San Francisco, United States of America, acting by and through the Department of the Navy, and their officers, directors, employees and agents" (Insurance Certificate with Endorsement for such additional insureds).

21.5. Payment of Premiums. Permittee shall pay all the premiums for maintaining all required insurance.

21.6. Waiver of Subrogation Rights. Notwithstanding anything to the contrary contained herein, Authority and Permittee (each a "Waiving Party") each hereby waives any right of recovery against the other party for any loss or damage sustained by such other party with respect to the Premises or any portion thereof or the contents of the same or any operation therein, whether or not such loss is caused by the fault or negligence of such other party, to the extent such loss or damage is covered by insurance which is required to be purchased by the Waiving Party under this Permit or is actually covered by insurance obtained by the Waiving Party. Each Waiving Party agrees to cause its insurers to issue appropriate waiver of subrogation rights endorsements to all policies relating to the Premises; provided, the failure to obtain any such endorsement shall not affect the above waiver.

21.7. General Insurance Matters.

(a) All insurance policies shall be endorsed to provide thirty (30) days prior written notice of cancellation, non-renewal or reduction in coverage or limits to Authority at the address for Notices specified in the Basic Permit Information.

(b) All insurance policies shall be endorsed to provide that such insurance is primary to any other insurance available to the additional insureds with respect to claims covered under the policy and that insurance applies separately to each insured against whom claim is made or suit is brought, but the inclusion of more than one insured shall not operate to increase the insurer's limit of liability.

(c) Before commencement of activities under this Permit, certificates of insurance and brokers' endorsements, in form and with insurers acceptable to Authority, shall be furnished to Authority, along with complete copies of policies if requested by Authority.

(d) All insurance policies required to be maintained by Permittee hereunder shall be issued by an insurance company or companies reasonably acceptable to Authority with an AM Best rating of not less than A-VIII and authorized to do business in the State of California.

21.8. No Limitation on Indemnities. Permittee's compliance with the provisions of this Section shall in no way relieve or decrease Permittee's indemnification obligations herein or any of Permittee's other obligations or liabilities under this Permit.

21.9. Lapse of Insurance. Notwithstanding anything to the contrary in this Permit, Authority may elect in Authority's sole and absolute discretion to terminate this Permit upon the lapse of any required insurance coverage by written notice to Permittee.

21.10. Permittee's Personal Property. Permittee shall be responsible, at its expense, for separately insuring Permittee's Personal Property.

22. No Assignment. This Permit is personal to Permittee and shall not be assigned, conveyed or otherwise transferred by Permittee under any circumstances.

23. No Joint Venture or Partnership; Independent Contractor. This Permit does not create a partnership or joint venture between Authority and Permittee. Permittee shall be solely responsible for all matters relating to the payment of its employees, including, without limitation, compliance with any federal, state or local law and all other regulations governing such matters.

24. Impossibility of Performance. If, for any reason, an unforeseen event occurs which is beyond the control of Authority or Permittee, including, but not limited to, fire, casualty or labor strike, which event renders impossible the fulfillment of any term of this Permit, Permittee and Authority shall have no right to nor claim for damages against the other.

25. Possessory Interest Taxes; Payment of Taxes. Permittee recognizes and understands that this Permit may create a possessory interest subject to property taxation and that Permittee may be subject to the payment of property taxes levied on such interest under applicable law. Permittee agrees to pay taxes of any kind, including possessory interest taxes, if any, that may be lawfully assessed on Permittee's interest under this Permit or use of the Premises pursuant hereto and to pay any other taxes, excises, licenses, permit charges, possessory interest taxes, or assessments based on Permittee's usage of the Premises that may be imposed upon Permittee by applicable law.

26. Notices. Except as otherwise provided herein, any notices given under this Permit shall be addressed to the Authority and Permittee at the addresses set forth in the Basic Permit Information. Notice shall be deemed given (a) two (2) business days after the date when it is deposited with the U.S. Mail, if sent by first class or certified mail, (b) one (1) business day after the date when it is deposited with an overnight carrier, if next business day delivery is required, (c) upon the date personal delivery is made, or (d) upon the date when it is sent by facsimile, if the sender receives a facsimile report confirming such delivery has been successful and the sender mails a copy of such notice to the other party by U.S. first class mail on such date.

27. MacBride Principles - Northern Ireland. The City and County of San Francisco urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, *et seq.* The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Permittee acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

28. Non-Discrimination.

28.1 Covenant Not to Discriminate. In the performance of this Permit, Permittee covenants and agrees not to discriminate on the basis of any fact or perception of a person's race, color, creed, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, height, weight or acquired immune deficiency (AIDS) or HIV syndrome against any employee of, any City or Authority employee working with, or applicant for employment with, Permittee, in any of Permittee's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Permittee.

28.2 Subcontracts. Permittee shall include in all subcontracts relating to the Premises a non-discrimination clause applicable to such subcontractor in substantially the form of Section 28.1 above. In addition, Permittee shall incorporate by reference in all subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all subcontractors to comply with such provisions. Permittee's failure to comply with the obligations in this Section shall constitute a material breach of this Permit.

28.3 Non-Discrimination in Benefits. Permittee does not as of the date of this Permit and will not during the term of this Permit, in any of its operations in San Francisco or where the work is being performed for the City or elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

28.4 Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the use of City property are incorporated in this Section by reference and made a part of this Permit as though fully set forth herein. Permittee shall comply fully with and be bound by all of the provisions that apply to this Permit under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Permittee understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of Fifty Dollars (\$50) for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Permit may be assessed against Permittee and/or deducted from any payments due Permittee.

29. Tropical Hardwoods and Virgin Redwood. The City and County of San Francisco urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product, except as expressly permitted by the application of Sections 802(b) and 803(b) of the San Francisco Environment Code. Permittee agrees that, except as permitted by the application of Sections 802(b) and 803(b), Permittee shall not use or incorporate any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product in the performance of this Permit.

30. No Tobacco Advertising. Permittee acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of the Authority, including the property which is the subject of this Permit. This prohibition

includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This prohibition does not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

31. Conflicts of Interest. Through its execution of this Permit, Permittee acknowledges that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Sections 87100 et seq. and Sections 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provision, and agrees that if Permittee becomes aware of any such fact during the term of this Permit, Permittee shall immediately notify Authority.

32. Food Service Waste Reduction. Permittee agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Permit as though fully set forth. This provision is a material term of this Permit. By entering into this Permit, Permittee agrees that if it breaches this provision, Authority will suffer actual damages that will be impractical or extremely difficult to determine; further, Permittee agrees that the sum of One Hundred Dollars (\$100.00) liquidated damages for the first breach, Two Hundred Dollars (\$200.00) liquidated damages for the second breach in the same year, and Five Hundred Dollars (\$500.00) liquidated damages for subsequent breaches in the same year is a reasonable estimate of the damage that Authority will incur based on the violation, established in light of the circumstances existing at the time this Permit was made. Such amounts shall not be considered a penalty, but rather agreed monetary damages sustained by Authority because of Permittee's failure to comply with this provision.

In addition, if 2,000 or more of Permittee's Agents and/or Permittee's Licensee's will be at the Premises, Permittee shall submit a recycling and waste reduction plan to the Authority's Events Coordinator and comply with State Assembly Bill 2176 (Montanez, Chapter 879, Statutes of 2004).

33. Security Deposit. Permittee shall pay to Authority upon execution of this Permit a security deposit in the amount set forth in the Basic Permit Information as security for the faithful performance of all terms, covenants and conditions of this Permit. Permittee agrees that Authority may (but shall not be required to) apply the security deposit in whole or in part to remedy any damage to the Premises caused by Permittee, Permittee's Agents or Permittee's Invitees, or any failure of Permittee to perform any other terms, covenants or conditions contained in this Permit, without waiving any of Authority's other rights and remedies hereunder or at law or in equity. Authority's obligations with respect to the security deposit are solely that of debtor and not trustee. Authority shall not be required to keep the security deposit separate from its general funds, and Permittee shall not be entitled to any interest on such deposit. The amount of the security deposit shall not be deemed to limit Permittee's liability for the performance of any of its obligations under this Permit. To the extent that Authority is not entitled to retain or apply the security deposit pursuant to this Section 33, Authority shall return such security deposit to Permittee within forty-five (45) days of the termination of this Permit, or such longer period as is reasonably necessary for Authority to confirm Permittee's compliance with the requirements of this Permit.

34. General Provisions. (a) This Permit may be amended or modified only by a writing signed by Authority and Permittee. (b) No waiver by any party of any of the provisions of this

Permit shall be effective unless in writing and signed by an officer or other authorized representative, and only to the extent expressly provided in such written waiver. (c) This instrument (including the exhibit(s) hereto) contains the entire agreement between the parties and all prior written or oral negotiations, discussions, understandings and agreements are merged herein. (d) The section and other headings of this Permit are for convenience of reference only and shall be disregarded in the interpretation of this Permit. (e) Time is of the essence. (f) This Permit shall be governed by California law. (g) If either party commences an action against the other or a dispute arises under this Permit, the prevailing party shall be entitled to recover from the other reasonable attorneys' fees and costs. For purposes hereof, reasonable attorneys' fees of Authority shall be based on the fees regularly charged by private attorneys in San Francisco with comparable experience. (h) If Permittee consists of more than one person then the obligations of each person shall be joint and several. (i) Permittee may not record this Permit or any memorandum hereof. (j) Subject to the prohibition against assignments or other transfers by Permittee hereunder, this Permit shall be binding upon and inure to the benefit of the parties and their respective heirs, representatives, successors and assigns. (k) Any sale or conveyance of the property burdened by this Permit by Authority shall automatically revoke this Permit. (l) This Permit may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

Permittee represents and warrants to Authority that it has read and understands the contents of this Permit and agrees to comply with and be bound by all of its provisions.

PERMITTEE:

a _____

By: _____

Name: _____

Title: _____

AUTHORITY:

TREASURE ISLAND DEVELOPMENT AUTHORITY

By: _____

Mirian Saez
Director of Island Operations

APPROVED AS TO FORM:

DENNIS J. HERRERA,
City Attorney

By: _____
Deputy City Attorney



AGENDA ITEM 10
Treasure Island Development Authority
City and County of San Francisco
Meeting of November 12, 2008

Subject: Informational Presentation on Legislation Regulating Anchorages in Clipper Cove (Discussion Item)

Contact: Peter Summerville, Leasing Manager/Special Projects Director

Phone: 415-274-0660

BACKGROUND

Treasure Island's Clipper Cove, located between the southern shore of Treasure Island and the northern shore of Yerba Buena Island, is a semi-secluded section of San Francisco Bay that houses the Treasure Island Marina and Treasure Island Sailing Center. Due to its location and lack of prevailing current, Clipper Cove is a popular still-water anchorage location for Bay Area boaters. While Clipper Cove provides an excellent location for short term anchorages by recreational boaters in the area, it also has attracted long-term anchorages over the past several years. The Treasure Island Marina and Treasure Island Yacht Club have received unsubstantiated reports that several of the vessels are being used as residences and that their occupants are dumping waste and other materials overboard into Clipper Cove. At the time of this report, there are approximately 12 vessels, many of which are unattended, that have been anchored in Clipper Cove for periods ranging from two to fourteen months.

Clipper Cove consists of Tidelands Trust property that is part of former Naval Station Treasure Island, covered under the Cooperative Agreement between the Navy and TIDA. The Navy considers the Cove to be TIDA's responsibility. TIDA has already expended close to \$30,000 in the previous two years for removal of derelict and abandoned vessels that have sunk or washed up on the Treasure Island seawall after being anchored and abandoned in Clipper Cove.

TIDA wants to address the threat to safety, sanitation and water quality posed by abandoned and unattended vessels in Clipper Cove, and the possibility that individuals are living aboard other vessels in the Cove. TIDA is also concerned that all recreational boaters have access to anchorage in Clipper Cove on an equal basis, that vessels are anchored in locations that allow for safe ingress and egress by other vessels, and that anchored vessels do not interfere with other uses of the Cove. Therefore, TIDA wishes to create a policy for regulating anchorages in Clipper Cove by creating a permit procedure allowing vessels to anchor in Cove on a short-term basis only, consistent with recreational use of the Cove. The permit system would require, among other things, that upon request a boater prove both the seaworthiness of the vessel and the presence of on-board waste containment system.

TIDA does not intend to create an onerous process that would discourage recreational boaters or boaters in transit from using and enjoying the Cove on a short-term basis. And we should note that the boaters may berth permanently in Clipper Cove by renting a berth at the Treasure Island Marina. The Marina also offers guest berths on a short-term basis to boaters wishing to remain in Clipper Cove overnight or for a period of a few days.

PROGRESS TO-DATE:

In early 2008, the Director of Island Operations, TIDA staff, and representatives from Treasure Island Marina met with the San Francisco Police Department and the Office of the City Attorney to discuss options for regulation and enforcement in Clipper Cove. The SFPD informed at this meeting that it does not consider Clipper Cove to be a working waterway. As such, the vessels anchored in Clipper Cove do not pose a navigational hazard to San Francisco Bay vessel traffic. Neither the United States Coast Guard nor the SFPD Marine Unit currently enforce in Clipper Cove the local prohibition against abandoning vessels on property, including submerged lands, within City limits.

After consulting with the SFPD, Project Office staff has determined that TIDA should designate Clipper Cove as a special use area for the purpose of protecting the safety of Cove users, maintaining the environmental quality of the Cove and its surroundings, and ensuring equal access to the Cove for recreational purposes by a variety of users. The special use area would be governed by a set of Rules and Regulations, which would include a system for issuing permits to boaters wishing to anchor out in the Cove. The TIDA Board would adopt the Rules and Regulations and would urge the Board of Supervisors to amend the City's Police Code to prohibit boats from anchoring out in the Cove without TIDA's permission. This amendment to the Police Code would provide the SFPD Marine Unit with the authority to enforce TIDA's Rules for anchoring out in the Cove. We expect that enforcement of the Rules will ensure that vessels are no longer abandoned in the Cove, that people do not live aboard vessels in the Cove, that recreational users anchor out safely in a manner consistent with other uses of the Cove, and that all recreational users have an equal opportunity to anchor out in the Cove.

NEXT STEPS:

TIDA staff plans to present the proposed Rules and Regulations for anchorages in Clipper Cove at an upcoming meeting of the TIDA Board of Directors. The Office of the City Attorney expects to have a draft ordinance prepared within the coming month.

Prepared by: Peter Summerville, Leasing Manager
For: Mirian Saez, Director of Island Operations

AGENDA ITEM 11
Treasure Island Development Authority
City and County of San Francisco
Meeting of November 12, 2008

Subject: Resolution Authorizing the Director of Island Operations to Issue a Request for Qualifications for the Operation and Management of a Full Service Restaurant and Bar located at Building 183, the Café, Treasure Island

Contact: Richard A. Rovetti, Deputy Director of Real Estate

Phone: 415-274-3365

BACKGROUND:

On October 1, 1998, the Treasure Island Development Authority (the "Authority") entered into a Sublease with the Delancey Street Foundation ("Delancey Street") for the use of three buildings on Treasure Island. Among the buildings subleased was Building 183, which Delancey Street operated as a coffee shop/café in association with their vocational program for culinary arts until November 30, 2007. Delancey Street did not pay Base Rent, for Building 183.

On December 1, 2007, the Treasure Island Job Corps Center entered into a sublease with the Authority to operate and manage Building 183 as a café. In October 2008, the Treasure Island Job Corps Center notified the Authority that they would be leaving November 30, 2008. Job Corp paid \$700.00 per month for Building 183, which is below market rate. Both Delancey Street and the Job Corps discontinued operating the Café because they were unable to generate sufficient revenue to pay operating expenses. The Café is the only eatery / restaurant available to residents, Navy personnel, Coast Guard, commercial tenants, visitors of Treasure and Yerba Buena Islands, making it a valuable amenity to the Island. According to a recent study conducted by URS, in addition to the residential population of Treasure and Yerba Buena Islands, over one thousand people come to the Island daily for business, education, and recreation. Therefore, Project Staff is requesting authorization to issue a Request for Qualifications ("RFQ") for the Sublease, Operation and Management of a Full Service Restaurant and Bar located at Building 183, the Café, Treasure Island.

According to Section 10(a)(3) of Treasure Island Development Authority Rules and Procedures for Transfer and Use of Real Property, the Authority may enter into subleases for a month-to-month or shorter term for the use and occupancy of real property located on the Base without prior announcement of the availability of the parcel or any prior solicitation. Project Staff has determined that the interest of maximizing visibility in the search for a highly qualified, professional operator/manager is best achieved through a public solicitation of qualifications of parties interested in subleasing and operating a restaurant at Building 183. The Authority is seeking a subtenant with significant experience in restaurant, food service, marketing and management to staff and operate Building 183 as a full service restaurant and bar on a year-round basis. Operators with a demonstrated ability and reputation in the management and operation of a full-service

restaurant with a proven commitment to superior offerings and service are invited to submit a description of their experience to operate a full service restaurant on Treasure Island.

The subtenant/operator of the restaurant should plan to maintain a high level of community engagement and act as a good neighbor to the larger Island community. The subtenant is expected to comply with the requirements of the Treasure Island Homeless Development Initiative (TIHDI) Workforce Hiring Plan described in the Sublease. This Workforce Hiring Plan requires the subtenant to use best efforts to provide jobs and job-training opportunities for low-income and formerly homeless individuals.

In accord with the terms and conditions of the Navy Master Lease, the Sublease between the Authority and the subtenant will be month-to-month, renewable on an annual basis, subject to approval of the Authority Board of Directors in its sole and absolute discretion.

EVALUATION CRITERIA

Respondents will be evaluated based on several key criteria including but not limited to:

1. Demonstrated experience in operating a high quality and unique full service restaurant and bar
2. Financial capacity and demonstrated ability to operate a full service restaurant and bar
3. Experience and organization of the Respondent's team
4. Demonstrated experience in quality building renovations and rehabilitations
5. Experience utilizing job training and employment programs

SCHEDULE

The Authority Staff anticipates issuing the RFQ on November 14, 2008 with Submittals due on December 15, 2008. Authority Staff plans to select the subtenant by December 19, 2008 with negotiations for Sublease terms and conditions to be completed by December 31, 2008.

Authority Staff plans to request Authority Board approval on January 14, 2009 of the subtenant and the Sublease. Authority staff anticipates the Sublease commencing January 15, 2009.

RECOMMENDATION

The Authority Staff recommends that the Authority Board of Directors approve the issuance of the Request for Qualifications for the Sublease, Operation and Management of a Full Service Restaurant and Bar located at Building 183, the Café, Treasure Island, and authorize the Director of Island Operations to select a subtenant and negotiate terms and conditions of the Sublease, subject to final approval by the Authority Board.

Prepared by: Richard A. Rovetti, Deputy Director of Real Estate
For: Mirian Saez, Director of Island Operations

[Request For Qualifications for a Full Service Restaurant]

Resolution Authorizing the Director of Island Operations to Issue a Request for Qualifications for the Sublease, Operation and Management of a Full Service Restaurant and Bar located at Building 183, the Café, Treasure Island.

WHEREAS, Former Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United States of America, acting by and through the Department of the Navy (the "Navy"); and,

WHEREAS, The Base was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, Delancey Street Foundation subleased Building 183 from the Authority in October of 1998, for the purpose of operating a café at Building 183 at no Base Rent; and,

WHEREAS, Delancey Street did not request renewal of the sublease with the Authority upon expiration of the sublease on November 30, 2007 because Delancey Street was unable to earn sufficient revenue to pay expenses of operating the café; and,

WHEREAS, The Treasure Island Job Corps entered into a sublease with the Authority on December 1, 2007, for the purpose of operating a café at Building 180 at a Base Rent of \$700 per month, which amount is below market rate for the premises; and,

WHEREAS, The Treasure Island Job Corps has notified the Authority that it will not seek to renew the sublease after the November 30, 2008, expiration date because Job Corps has been unable to earn sufficient revenue to pay expenses of operating the café; and,

WHEREAS, The Café is the only eatery / restaurant available to residents, Navy personnel, Coast Guard, commercial tenants, and visitors to Treasure Island and Yerba Buena Island, thereby making the café a valuable amenity to the Island; and,

WHEREAS, According to Section 10(a)(3) of Treasure Island Development Authority Rules and Procedures for Transfer and Use of Real Property the Authority may enter into subleases for a month-to-month or shorter term for the use and occupancy of real property located on the Base without prior announcement of the availability of the parcel or any prior solicitation; and,

WHEREAS, Project Staff had determined that the interest of maximizing visibility in the search for a highly qualified, professional operator/manager is best achieved through a public solicitation of qualifications of parties interested in operating a restaurant at Building 183; now, therefore, be it

RESOLVED, That the Board of Directors hereby authorizes the Director of Island Operations and Authority staff to work with appropriate City departments, including the City Attorney's Office, to develop and issue a Request for Qualifications for the Sublease, Operation and Management of a Restaurant at Building 183 on Treasure Island; and be it

FURTHER RESOLVED, That the Board of Directors hereby authorizes the Director of Island Operations to select a qualified subtenant based on the selection criteria in the RFQ and to negotiate a month to month Sublease with such subtenant, subject to the Board of Directors' final approval of the subtenant and the Sublease.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on December 12, 2008.

John Elberling, Secretary















DRAFT Minutes of Special Meeting
Treasure Island Development Authority
November 12, 2008

Building 265, "The Library"
Treasure Island
San Francisco, CA

Gavin Newsom, Mayor

1. Call to Order

6:17 P.M.

Roll Call

Present

Owen Stephens, President
John Elberling, CFO, Secretary
Jared Blemenfeld
Douglas Shoemaker

Excused

John Rahaim
Fred Blackwell
Supervisor Chris Daly

GOVERNMENT
DOCUMENTS DEPT

2. Consent Agenda

There was no public comment.
Director Shoemaker motioned for approval.
The Consent Agenda was moved unanimously

JAN 12 2009

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3. Resolution Authorizing the Director of Island Operations to Issue a Request for Qualifications for the Operation and Management of a Full Service Restaurant and Bar located at Building 183, the Café, Treasure Island

Mr. Rich Rovetti, Treasure Island Development Authority, discussed the history of Building 183, the Café, most recently operated by The Job Corps who chose to close it after December 18, 2008. He pointed out the need for a restaurant on the Island and outlined a basic timetable to receive and act upon requests to operate the facility, with final approval by the board. Director Elberling asked about the number of patrons – 50 – but Mr. Rovetti said the plan was to utilize the surrounding area. Director Blumenfeld asked about need for improvement. Mr. Rovetti pointed out that improvements had been made in December 2007, so he did not see the need for major improvements. Director Stephens voiced his approval for the RFQ process as the way to go so that the subtenant would "take ownership" for the Café.

Public comment brought approval from Atta Pilram, a YBI resident and member of the Yacht Club.

Director Blumenfeld motioned for approval.

Director Elberling seconded the motion.

The Resolution was moved unanimously.

4. Director's Report

Ms. Mirian Saez, Director of Island Operations, reported on the 29th Annual Exotic Erotic Ball, which was held in Hangar 3 in October. She noted that the event would not be repeated next year for several reasons: failure to meet its financial obligations to TIDA, failure to execute its transportation plan, and complaints from residents, sign ordinance advocates and labor unions. She reported back to the Board a response to Director Elberling's concern raised at the previous meeting about the potential fire hazard of the eucalyptus trees on YBI. She said that in checking with the California Public Resources Code, TIDA's plans were in compliance with Section 4291 Code recommendations.

Director Saez reported an unanticipated expense associated with 1) the Oracle event due to delay in the Navy remediation work (\$44,000) and with 2) a higher cost for the Board-approved demolition of Buildings 7 and 92 (\$150,000).

DPW has begun to refurbish eight of the MUNI bus shelters. TIDA is looking to purchase used bus shelters because MUNI wants to charge \$46,000 annually to maintain new shelters, and this was not budgeted.

Two recent events noted were the Mill Valley Philharmonic, which gave a free concert in Building One on November 1st to commemorate the Public Works Administration of the Great Depression. Building One is a WPA-built structure. The second was a visit from the Institute of International Education, where TIDA hosted dignitaries from Poland who were interested in the relationship between TI and the City and how the military transfer is being conducted. She also reported on an upcoming exhibit in Building One Lobby by the Treasure Island Museum Association.

Finally, Director Saez reported two new subleases which would generate an additional \$50,000 annually. She then introduced Captain Daniel McDonough of the Southern Station.

He reported the SFPD also did not get paid for the Exotic Erotic Ball. Police Community meeting held at Casa del la Vista last month and that there was a good exchange at the previous evening's Neighborhood meeting. He noted that there are no spikes in crime on TI and that it is now lower than it had been in three years. Project Safe will consult with "Neighborhood Watches" program.

There was no public comment on either the Director's report or the Captain's report.

Director Rahaim arrived at the meeting at 6:37 P.M.

5. General Public Comment

Lavina Desolvis and Debra Eberhart from the Boys & Girls Club discussed youth programs for children ages 6 to 18. The Club is now open on Saturdays for athletic programs for teens. The program stress education. The Boys & Girls Club have been able to hire three Credential tutors who work with students one-on-one, as well as an hourly Homework Club. They have a weekend field trip and there is a summer camp program.

Mark Connors, Good Neighbors, have developed by-laws and will have election of officers in March, as well as applying for non-profit status. Three projects: Island Resource Guide; pilot program creating on-line quality of life problem that is generated to TIDA (secondary source); Project Porch Light which replaces light bulbs with more energy-efficient bulbs and is in run in tandem with encouraging people to be pro-active in improving their quality of life – get out, meet people, pick up trash, etc. He also expressed the need for a concise guide to help residents with their concerns about the upcoming redevelopment and its impact on their lives.

David Hammond, a resident of San Francisco, spoke about the sustainable wastewater treatment. He recommended TIDA review the plans for such a system, look at new technology, make a presentation at a future meeting, and expressed a willingness to work with Staff on this. A copy of his remarks is contained under the "Communications" section of the Agenda.

Ruth Grevannis expressed her pleasure that the Library was saved, but said she noted that the pedestrian path was not lit.

Toni Regarten, an Island resident, said she was experiencing better response from John Stewart Co. and talked about a burglary in June 2008. She expressed concerns with things like garbage, unsightly bus stops, and said she hoped everyone would remember those who live on the Island.

Debra Williams, an Island resident, thanked everyone for the well-run triathlon and the TIHDI community event. She said she was not sure if residents would be displaced during redevelopment process. Director Saez said that the plan had not been finalized but that the intent is that residents will be here during the development.

Atta Pilram of YBI expressed concern about the eucalyptus trees. He said the TIDA quote of \$2000/tree removal was well over the \$600/tree he had been giving. He expressed feeling that trees closest to resident housing should be removed. He also mentioned a petition about parking that has not been responded to by John Stewart Co.

Abdo Nassar of Island Deli & Market expressed delight in being on the Island.

Director Shoemaker left meeting at 7:12 P.M.

6. Report by Office of Joint Development

Mr. Jack Sylvan mentioned the upcoming election of Citizen Advisory Board. The Board of Supervisors approved the Amendment of Survey Boundaries. The Amendment of the Preliminary Plan is scheduled to go before the Planning Commission on November 20, 2008. He expressed optimism that the new Administration in Washington will offer a better opportunity to negotiate a property transfer with the Navy, but that the time frame will be delayed slightly due to the transition. He does not see any resident movement in 2009. He said his office is open to answer any questions about the redevelopment plans and suggested giving a presentation at upcoming meeting to answer residents' questions. He also said he would discuss at a subsequent meeting the regional sports complex proposed in the project plans relative to their location on what will become Tidelands Trust property.

Director Blumenfeld asked if the federal legislation talked about in previous meetings had gone through; Mr. Sylvan said that it had not and that negotiations will continue with Navy. He foresees there being a term sheet in place by this time next year.

There was no public comment.

7. Communications

Mr. Peter Holm, Commission Secretary, noted some additional items not contained in the Board Agenda package. They were: Island Resource Guide and a letter to Rex Liu, owner of SF Kanko.

8. Report by the Treasure Island/Yerba Buena Island Citizen's Advisory Board

Karen Knowles-Pierce said there was no November meeting. She expressed the concern about possible displacement for residents.

There was no public comment.

9. 9. Informational Presentation: Treasure Island/Yerba Buena Island Citizens Advisory Board Resident Elections

Mr. Michael Tymoff, Office of Economic and Workforce Development, talked briefly about the upcoming election for residents of Treasure Island and Yerba Buena Island to serve on the Citizens Advisory Board. The election will be held December 16, 2008 at the Ship Shape building and an informational meeting on November 18, 2008 – also at the Ship Shape.

The TI/YBI CAB has 25 members with 14 appointed by the Mayor and 11 by the Board of Supervisors. The four seats will be inclusive, not in addition to the 25 members, and will serve on the CAB, for as long as it remains in effect.

Director Blumenfeld expressed concern that low- and moderate-income members would not be stigmatized

There was no public comment.

10. Informational Presentation: Proposed Regulation of Vessel Anchorage in Clipper Cove

Peter Summerville, Treasure Island Development Authority, discussed need for regulations because boats are being abandoned or left for long periods of time. TIDA has spent \$30,000 in the past two years removing sunken, unsupervised abandoned vessels. Staff has been working with the SFPD Marine Unit and the City Attorney's Office to amend the police code to require a permit to anchor in Clipper Cove. This would allow the Marine Unit to cite offenders.

Director Elberling asked if Marine Unit could ask to see permit; Mr. Summerville said they could. He asked about Coast Guard participation. Mr. Summerville said it was a secondary presence.

Director Rahaim asked about day visitors and Mr. Summerville said permit is triggered by overnight mooring.

Director Saez noted that there are six to eight vessels that have not moved in more than two years and reemphasized this is designed to penalize only those not playing by the rules yet allow for visitors to come and go easily.

There was no public comment.

11. Ongoing Business by Directors

There was no ongoing business from the Directors.

12. Discussion of Future Agenda Items

There was no discussion of future agenda items by the Directors.

13. Adjourn

Director Stephens adjourned the meeting at 7:25 P.M at which time he announced a reception that followed the meeting in Building 265.



